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ALADI Lauds Bush's Latin America Proposal

PY2906032090 Madrid EFE in Spanish 0157 GMT 29 Jun 90

[Text] La Paz, 28 Jun (EFE)—The Latin American Integration Association (ALADI) has reacted favorably here to the remarks made yesterday by U.S. President George Bush regarding U.S. economic relations with Latin America. Bush announced that he will seek to write off a portion of the $12-billion Latin American debt to the United States, to increase investments and loans, and to create a "free trade zone in the hemisphere."

ALADI Secretary General Jorge Luis Ordonez, a Colombian citizen, today conveyed to EFE his own satisfaction with Bush's proposals and that of the institution he represents. Ordonez said: "Latin America has long been asking for a revision of its relations with the United States." He added: "We have always thought that we should build a more positive and constructive framework for our relations and that as soon as both sides—especially the United States—agreed to adopt a more open, cooperative position, we were going to make incredible progress."

The ALADI secretary general added that "the United States is Latin America's number one trade partner; it is only comparable to the EEC, which is a community of nations. This leads us to believe that President Bush's proposal is very positive and that it will create positive results."

Ordonez also noted that the foreign debt crisis that prevailed during the eighties has provoked "a major deterioration" in Latin American-U.S. trade relations. He insisted, however, on stating that the United States continues to be Latin America's main trading partner.

Ordonez stated that "these relations can be substantially improved if both parties make a major effort in that direction." He noted, however, that it will be "very difficult to establish a free trade zone with the United States." He also said that "Latin American producers of goods and services are capable of competing openly with their U.S. counterparts."

He added: "Some mechanisms are needed to take into consideration the situations of those having less developed nation status, of emerging industries, and of the inadequate Latin American markets, in establishing a free trade zone following a gradual, differentiating process."

Ordonez, who arrived in La Paz on 27 June on an official visit, met with Bolivian President Jaime Paz Zamora and with ministers of the Bolivian economic sector and attended a seminar on Bolivia's role in the Latin American integration process.

Cuba

'Direct' Talks With U.S. Officials Confirmed

PA2906000190 Mexico City NOTIMEX in Spanish 2204 GMT 28 Jun 90

[Text] Havana, 28 Jun (NOTIMEX)—Cuban and U.S. officials have held "direct" and semisecret talks in New York to review compliance with the bilateral immigrations agreement.

Ramon Sanchez Parodi, Cuban vice minister of foreign relations, and U.S. Government officials attended the talks.

Jose Raul Viera, the Cuban first vice minister of foreign relations has confirmed to NOTIMEX that on 20 June Vice Foreign Minister Ramon Sanchez Parodi met in New York with U.S. officials.

He added that the agenda for the talks "dealt exclusively with immigration problems of both countries."

Viera was evasive regarding reports that "all problems" regarding Cuban-U.S. relations were discussed at the meeting. He only replied that "I have no information to that effect, but I do not think that other subjects were discussed."

Viera also denied versions given by Cuban exiles, who support a bilateral rapprochement, that during that meeting Cuba may have offered to facilitate the access of U.S. tourists to the island.

The meeting, one of the first during the past three years with direct contact between the two countries, took place amid the deterioration of bilateral relations due to "electronic warfare" resulting from the U.S. "TV Marti" transmissions.

However, the meeting coincides with the rapprochement that the Cuban Government has had with Miami's "Cuban-American Committee," whose representatives and 24 "Marielitos" traveled to Havana this month at the invitation of the Cuban Government. This was the first visit to Cuba by a delegation of exiles in 10 years.

The immigration problem, one of the most worrisome issues for the governments of Washington and Havana, led to the signing of an agreement in 1984. That agreement was subsequently interrupted by the launching of the U.S. radio station's beaming to Cuba, "Radio Marti," and then reactivated in 1987 through a negotiating process.

The talks in New York also coincided with an interview granted by Cuban leader Fidel Castro to the U.S. television network "CNN," in which he told the U.S. people that "bilateral relations and their improvement depends on the United States."

Castro said in the interview that "any time there is an opportunity to improve our relations with the United States, Washington invents a new demand not to upset the community of Cuban exiles in Miami."

The Cuban-U.S. Immigrations agreement regulates the entrance and departure of Cubans to the United States, establishes quotas for traveling, and sets the policy for exiling former political prisoners from Cuba to the United States.

While talks were under way in New York, there were persistent rumors in Havana regarding a possible meeting between U.S. President George Bush and Fidel Castro during the coronation of Emperor Akhito at the end of this year in Tokyo.

Castro Interview With CNN's Ted Turner

PA2906042290 Havana Cubavision Television in Spanish 0200 GMT 29 Jun 90

[Interview with President Fidel Castro by CNN Broadcasting Chairman Ted Turner; at Havana's Palace of the Revolution; date not given—recorded; in English with superimposed Spanish translation]

[Text] [Turner] Hi, I am Ted Turner, and I have spent two very interesting days here in Cuba traveling with President Fidel Castro, who has led this country since the revolution began 31 years ago. This makes him the third longest leader in power in the modern world. He is here with us in Havana's Palace of the Revolution. Good morning, Mr. President.

[Castro] Good morning, Ted.

[Turner] In the United States it is said that Cuba is facing severe economic problems. Is this true?

[Castro] Well, yes we do have economic difficulties, just like all countries in Latin America and in developing countries—to avoid using the term Third World, which I know you, Ted, do not like—have economic difficulties. We have had these difficulties for a long time now. They are, to a certain extent, understandable if we take into account that the United States has been blockading the country for over 30 years, sabotaging our economy, and prohibiting the export of even a single aspirin to our country. It is even possible that we might have greater difficulties in the future, depending on how events evolve in Eastern Europe and the Soviet Union.

However, despite everything, our health levels are above those of any other developing country and above the levels found in many developed countries. We could say that our educational and health levels are competitive with those of the United States. In several instances, we are above the United States because we do not have any illiteracy and we have very few functional illiterates in the country. In the United States, they number in the tens of millions.

[Turner] Thank you. I know this is a difficult question, but Cuba was accused a few years ago of participating in drug trafficking. What is your reaction to these accusations?

[Castro] We would have to see who is accusing us. Sometimes these charges come from people who have

been sentenced, and they have been offered all sorts of benefits to make accusations against Cuba. There is a political objective behind these charges, and they are totally slanderous. We could say that these charges are truly cynical because, paradoxically, I believe that Cuba has the most impeccable conduct in the world regarding drugs. Our country does not consume drugs. We might have some very exceptional cases of drug consumption because marijuana, for instance, can be harvested in a room the size of this one. Our country has no experience with cocaine consumption. It does not exist. I believe that if all countries would do what Cuba did with respect to drugs, the drug problem would not exist in the world.

Unfortunately, we had the case of some officers who were corrupted and were accomplices in drug-trafficking activities. Nevertheless, our country's response was exemplary. No other country has responded as we did. We punished the officers who were found to be responsible for the drug trafficking with the most severe sentences. I believe that with this, we have totally removed this evil by its roots.

We have expressed our willingness to carry out coordinated action with other countries. The Mexicans know this, and the Government of Colombia knows this. The U.S. Government, however, has rejected any kind of agreement regarding the problem of drug trafficking for political reasons. The U.S. Administration does not want to be criticized by its Miami friends for reaching an agreement with Cuba on drug trafficking.

Our laws are harsh, but if it were necessary we would even approve tougher laws. We are outraged and offended that drug traffickers should want to use our territory to conduct these kinds of activities.

Of course, our country has three air routes. There are three air routes. Were we to ban these air routes, it would cost enterprises that travel over Cuba hundreds of millions of dollars. We also could not do this because it would violate international agreements. We cannot register the planes that travel over our country but, in the end, I believe that we have been exemplary in fulfilling our duties regarding international traffic. We are willing to accept any kind of international cooperation. We are willing to take any necessary measures, such as a contribution to the struggle against the drug-trafficking tragedy.

[Turner] On the other hand, we understand that you are easing restrictions on religious expression and that the Pope may even visit Cuba next year. Could you discuss this?

[Castro] What I can say is that, in reality, religious groups have had complete freedom of expression in our country. This is well known. Certain conflicts came up during the initial years of the revolution with the Catholic Church, not with the Catholic Church as such, but rather with the Catholic Church's hierarchy because the Catholic religion had expanded mainly among the richest sectors of the population. There were certain contradictions with revolutionary laws. There were serious contradictions between these sectors and the revolution. These sectors tried to use the Church against the revolution. Despite everything, the problem was handled very carefully by the revolutionary government. Not a single church was closed. No repressive measures were taken against religious groups. Many churches which have always maintained a relationship of respect toward the revolution in our country can attest to this.

The problem was of a different nature. When the party was created, and precisely as a result of contradictions that emerged with one of the churches, very strict, strict [repeats himself] standards were established for joining the party. The party did not include religious people among its members then. That was a junctural measure. Years have passed, and we understand that this is a discriminatory principle. We have decided to overcome this difficulty and, therefore, we are moving toward a policy of acceptance within the ranks of the party so that those people who agree with the party program, with the revolution, and are prepared to defend their fatherland, can practice some religious belief.

Concerning the pope's visit, no agreement has yet been reached on the visit. Therefore, we cannot speak of a date for the pope's visit to Cuba.

[Turner] We are going to take a break now and when we come back, we will talk about Cuba's relations with the Soviet Union. Stay tuned. [commercials]

We are back with President Castro.

President Castro, how do you feel about the changes in the Soviet Union? Have they affected Cuban relations with the Soviets?

[Castro] Well, all these issues are always highly sensitive. I would like to speak calmly about these matters. We have no right to question any changes in the Soviet Union. They felt that certain mistakes had been made throughout history, throughout the 70 years of revolution in their country, and they decided to take several measures to correct those problems. I believe that no one can oppose this at all.

We ourselves, in our case, at a given moment, also became aware of certain errors and we began a process of rectification. This began in 1986, before there was talk of changes in the Soviet Union.

Therefore, we must respect as a sovereign right of all countries and all parties the adoption of measures they feel are appropriate to improving their political processes and socialism. So, as a matter of principle, we must respect the fact that the Soviet Union has a sovereign right to adopt all those changes.

On the other hand, throughout these years, we have maintained good personal relations with the Soviet leadership, with Comrade Gorbachev, relations of affection and respect.

We respect the sovereignty of the Soviet Union just as they respect our sovereignty. They are having difficulties. They are perhaps facing greater difficulties than they imagined they would. I have no doubt whatsoever that Comrade Gorbachev is moved by the desire to improve socialism. These historic tasks are very complex and complicated. Naturally, there has been no easy road for the Soviets. They have had many problems, which everyone knows about. They are economic, political, and national problems. There have been national conflicts. Naturally, all things affecting the Soviet economy, despite the willingness of Soviet leaders, might affect our economic relations, not our political relations. If the Soviet Union even wants to adopt the U.S. Constitution, we would respect that.

[Turner] How do you feel about recent events in Eastern Europe. Were you happy to see the Berlin Wall come down?

[Castro] This question has several sides. Many changes have taken place in Eastern European socialist countries. These changes began as reform projects to improve the socialist system. This happened in a few countries, not in all of them because the situation is not exactly the same in each country. In Poland, for instance, there have been expressions of discontent for many years. Poland has had difficulties for at least eight years. They have had strikes, and unrest that led to certain changes.

In other countries, like the GDR, the CSFR, Hungary, and Romania, sudden changes occurred around the end of last year. But the situation is different in each of them. However, we do notice a strong tendency to implement changes in a direction contrary to socialism. What was initially proposed as a reform to socialism has become a movement toward the construction of socialism [as heard]. That is, they are moving away from the construction of socialism and are moving toward building capitalism, using capitalist methods and mechanisms. In that respect, as a socialist and a man who is profoundly convinced of the significance of socialism and what it has meant to our country, I cannot agree with the trends socialist countries have taken toward capitalism.

This is what I say, however: We must respect the right of each country to build the economic, social, and political regime it deems most appropriate. Cuban socialism was not imported. It was not brought by anyone. Our socialism did not come to Cuba with any foreign troops. We built our socialism. It was built and supported by our people. It has been developed by our people and it is, therefore, our very own revolution.

You asked about the Berlin Wall. I recall that the Berlin Wall was built as a result of the cold war, during times of great international tensions. At that time, Soviet and American tanks were facing each other. We can say that the wall served to separate Soviet troops from U.S. troops. I believe that following East-West detente and after the GDR's economic, social, and political system changed, the Berlin Wall became meaningless. Its disappearance was only logical and natural. There is no reason for it to exist under the present circumstances.

But the wall in Berlin is not the only one around. There are several other walls, for instance, the wall the United States is building along the Mexican border. The United States is building a sophisticated, electronic wall that is 3,000 km long to prevent the immigration of Mexicans. Here we see that the United States also has some experience with walls, such as the case of the wall that is being built against Mexico. I ask myself, and I would ask the United States: When will that wall disappear? This wall is much more difficult to tear down than the Berlin Wall.

This question of walls is not just a characteristic of a given situation but of other things. There is another wall in Korea that divides the two countries. The DPRK has protested this wall. It has protested the presence of U.S. troops there and it has put forth the question of unifying the two countries.

There are many walls. The United States has also built a wall on Guantanamo's border. I ask: When will that wall come down? When will they return our territory in Guantanamo to us?

Another wall has been built in the Caribbean, the one the United States built between our two countries to prevent trade and relations. I would say that I would be happy if all walls were to disappear. That is my opinion. That is what I think. [commercials]

[Turner] How do you feel about the recent events in Central America and, in particular, the elections in Nicaragua?

[Castro] I believe that elections in Nicaragua developed under very difficult circumstances for the Sandinist Front. They were in the midst of a serious, large economic crisis, worsened by the U.S. blockade. Also, they were in the midst of a dirty war, which cost tens of thousands of lives. Those elections were unfavorable for the revolutionaries. The revolutionaries became a minority but that does not mean that the Nicaraguan revolution disappeared. Instead, it means that the revolutionaries now face the historic task of recovering that majority.

They accepted the rules of the game, the agreements they reached with the opposition. They must abide by these rules of the game. I believe that what they do is correct. They respect the rules of the game, the results of the elections—although they were held under very abnormal conditions—and they struggle to once again be the majority in the country. I do not think that the Sandinist revolution has disappeared but rather that it is beginning a different stage in which, I hope, that thanks to their efforts, they are able to one day recover the support of the majority of the Nicaraguan people.

Naturally, the situation in the country is not clear. It is still complex, very complex. We cannot say that peace has been achieved. Counterrevolutionary organizations

do not want to disarm themselves. They have not abided by the disarmament agreements. They have kept the best weapons. There are thousands and thousands of armed counterrevolutionaries. The government has granted them an area of 20,000 square km where they will even have their own police force and where they will undoubtedly keep their organizations and thousands of weapons. This creates a duality of powers. It means there are two armed forces. One does not know the consequences this may bring. We cannot as yet say that peace has been achieved in Nicaragua.

[Turner] Thank you very much. We must take another break now, but when we come back we will talk about the incidents that occurred in China last year. Stay tuned. [commercials]

Mr. President, what is your opinion about the student protests in China last year?

[Castro] Well, as we all know, the Chinese carried out very radical economic reforms. According to what they themselves say, there are certain political and social aspects in those reforms that were not sufficiently supervised. So, for instance, this led to inflation problems, price increases, discontent among some sectors in the population. They also said that, politically, they were not paying adequate attention to the work done with the people, with the masses. As a result, this led to various kinds of discontent, which explains the events that occurred in Beijing.

It is not the first time that students take to the streets. On certain occasions, they have gone to support the government. I recall the Cultural Revolution period when millions of students took to the streets with Mao Zedong's "Red Book" to propose measures. In this case, I do not have a precise idea of the magnitude of this movement but, unquestionably, there were student demonstrations against the government. According to Chinese officials, they were used by unhappy individuals to try to divert China's socialist path and change socialism in China.

I noticed that Chinese authorities made every possible effort to avoid using force. Those events went on for weeks. Even the first soldiers sent to Beijing were unarmed. The world media reported those events. Until at the end, fearing generalized anarchy in that gigantic nation, they decided to use force to reestablish order in Beijing.

Repression against students has taken place everywhere. In Europe, repression against students and workers is very frequent. They use dogs, tear gas, water cannons, etc. We can say that the Chinese are not experienced in this type of struggle. When they faced the problem for the first time in over 40 years—this was the first time that there was a movement against the government—they unquestionably lacked the mechanisms and resources available to the entire West to reestablish order whenever there are disturbances of this type.

For example, since we are talking to the Americans, I would like to ask them something. If the same thing that happened in Beijing occurred in a U.S. city, if what happened in Beijing happened in Washington and the situation became uncontrollable, how long would the United States have waited and what means would it have used to reestablish order? I believe they would have resorted to the National Guard. Whenever there have been problems in some U.S. cities, they have called out the National Guard. They have called out the Army. I am sure that the United States would not have allowed a chaotic situation to occur like the one that lasted for over a month in China. The Chinese, in general, are known for their wisdom, and not for violence.

[Turner] Moving on to another subject, do you think that capitalism and communism can peacefully coexist? I even understand that you have some [words indistinct] in Cuba with some capitalist countries and companies. Is this true?

[Castro] Well, since the first socialist state was founded—which was the Soviet Union—Lenin referred to the principle of peaceful coexistence. That was put forth in the revolutionary doctrine since the beginning. The principle of peaceful coexistence, which has always been defended by the revolutionary movement, is not new. There should be something more than coexistence. There should be peaceful cooperation. Naturally, these ideas are now making headway in the world.

The idea of this cooperation is nothing new for us either. Over 10 years ago, we passed a decree-law referring to the possibility of cooperation through joint ventures. That does not mean a change of ideas. It does not mean that we are renouncing socialism. It does not mean that we will program development, plan our economy. [sentence as heard] I believe that being able to program our development is a great privilege. Everything that man plans is always better that when things happen spontaneously. I am convinced CNN prepares plans for a year, for five years, and maybe they have 10-year plans.

Any great businessman, any industrial man knows that planning and programming is necessary. We believe that the development of a country must be planned. We have not renounced any of the possibilities of socialism. We have found formulas for cooperation in the field of tourism and even in other fields. We have a tremendous potential for tourism in our country. We can build 250,000 rooms for tourism. We have hundreds of kilometers of virgin beaches, extraordinary natural places, which, as a whole, are better than the areas in the rest of the Caribbean.

For a long time, we had our doubts about whether we should promote tourism or not. We had our doubts as to whether tourism would benefit us or not. In the end, we reached the conclusion that tourism is one of the country's natural resources and now we are developing it. This is done, not only with our own capital, because part of the potential is being developed with our own resources, but also with foreign capital. I would say that 20 percent of the rooms that are now being built are the

result of joint ventures. This is a new experience for us. The first hotels are already in operation. We visited one of them. I believe great prospects are opening up because we are not levying taxes. They do not have to pay rent for 10 years. They do not pay any taxes on the equipment they import because it is considered part of their capital. They do not have to pay any import taxes on materials for hotel operations. There are many advantages. According to investors' estimates, their investment can be recovered in two or three and a half years. I think very few countries have these conditions.

[Turner] OK, we will take another break, and when we return, we will discuss the Third World debt. Thank you. [commercials]

Mr. President, what do you think needs to be done about the huge Third World debt?

[Castro] A long time ago, I forecast that the debt was unpayable and uncollectable. Facts are proving me right. The debts of many Third World countries and of Latin America are only worth 20 cents to the dollar, maybe 15, 14, or 12 cents to the dollar. Whether the debt is reduced by one cent or by zero, in practice the debt is unpayable and uncollectable.

The debt should disappear once and for all. I think this will help world trade tremendously, because what most developed countries have is a surplus of products. They have an underutilized industrial capacity while the rest of the world have enormous needs and little purchasing power.

The overwhelming reality is that the gap grows between developed and underdeveloped countries. Some call them developing countries, but actually we can call them underdeveloped countries because they are increasingly distant from developed countries. They have increasing problems of education, health, employment, housing, and food. I think this is one of the most serious problems for our future world for which there are no answers. I do not think that developing countries have any answers yet for these problems.

[Turner] President Castro, from your standpoint, what do you see as the major obstacle to normalizing relations with the United States?

[Castro] These obstacles do not depend on Cuba. They depend on the United States. First of all, I believe there is a lot of disinformation in the United States about Cuba, total disinformation. It is the result of 30 years of negative campaigns and publicity on Cuba. As a result of this, tens of millions of people in the United States simply do not know what is happening in Cuba. On the other hand, the U.S. Government has banned the visit of U.S. citizens to Cuba. There is no way to make new contacts between the peoples of the United States and Cuba. There is a lot of prejudice regarding Cuba and that makes it very difficult for the emergence of forces capable of defending a more realistic policy concerning relations between Cuba and the United States.

The United States also uses a variety of slogans. The United States said when we were helping the Angolans in their struggle against South Africa that relations could not improve as long as there were Cuban troops in Angola.

Naturally, we could not negotiate our relations with the United States on the basis of Angola, at the cost of Angola or Ethiopia. But these situations evolved. The situation in southern Africa changed and Cuba was able to withdraw its troops. The situation in the African horn improved and Cuba was able to withdraw its troops. The situation in Latin America has changed and Cuba has improved its relations with most Latin American nations.

Sometimes they would say that when Cuba stopped exporting revolutions—a very abstract and generic idea that was very capriciously used—relations would improve. The true fact, however, was that they were waging war on us and we were forced to defend ourselves. This war was waged by the United States and other countries which joined forces with the United States to blockade Cuba. These circumstances have changed and, as a result, Cuban policies changed with respect to Latin America, as a rule, as a rule [repeats himself].

Now, the United States is always inventing a new condition. Now, for example, it has established conditions of a domestic nature for the improvement of relations. I must definitely and categorically say that our country will never accept anything affecting our domestic policies as a condition for improving our relations with the United States. It is as if we were to tell the United States that to improve relations with Cuba, they have to change something in their economic or political system, or that they must change some domestic policies.

We could elaborate a long list of things that we could demand that the United States change in its domestic policy. We could demand the disappearance of drug consumption. We could demand that the abandonment of children be eliminated, that it eliminate the problem of the homeless elderly in New York and in other places. We could demand the elimination of unemployment. Who knows how many things we could demand. We could demand that poverty, racial discrimination—discrimination against blacks, hispanics, etc.—and tens of thousands of other things be eliminated. Anyone can understand that it is absurd for us to require changes in U.S. domestic policies to improve our relations. That is why I say that the ideas and mentality of the U.S. Administration will have to change. Its opinions will have to change. Possibilities will have to emerge for the people of the United States to have a better image. It is not a question of image, but, in reality, of providing better information on Cuba.

I believe that the mass media could help improve that image. I think that these conversations, images, and ideas, the information you are providing is a positive thing. It is not negative. It will help improve the level of information. However, I believe that a lot of time will

pass before the circumstances that hinder our relations are overcome. I am not very optimistic about this.

[Turner] Now, we will take another break, and we will be back in a few moments. Stay tuned. [commercials]

Mr. President, how do you view U.S. Government attempts to block the televising of the Pan-American Games from Cuba to the United States?

[Castro] There is a steady attempt to prevent the televising of the Pan-American Games to the United States. This has an objective. The purpose of it is to deprive the country of resources from the Pan-American Games. The U.S. Government is possibly ignoring the fact that television broadcasting rights are very small compared to the expenditures for organizing the games.

The United States might also boycott the games. It would have no legal or moral grounds for it. It will be totally unethical because Cuba made an agreement with U.S. sports authorities during the Indianapolis games. We participated in and helped make those games more brilliant. I say this because there have been rumors to this effect, but I do not think it will happen. I do not think the United States will make the political and ethical mistake of boycotting the Pan-American Games.

[Turner] This is something that a lot of people have been asking, because you are certainly one of the strongest personalities running a country today. What plans have you been making for your succession? What will happen to Cuba after Fidel Castro is gone?

[Castro] There is a large trend, especially in the West, to associate historic events with political personalities. That is why you frequently hear such expressions as: Castro's Cuba, what Castro said, what Castro did, all these things. They cannot understand that a single man can do nothing, that historic events are primarily the task of the people, of millions of people, of tens of thousands of leaders, of hundreds of leaders, thousands of cadres. They are the ones who make events possible. How can a single man alone defend his fatherland? He can defend it when millions of men are ready to do so. How can a single man make a revolution? We had men as extraordinary as Marti who died in the war. In the long run, however, his death did not prevent Cuba's independence. It also did not prevent a revolution as radical as socialism from being carried out in our country, such as the one that is occurring in our fatherland.

Cuba has lost many highly capable men throughout our history, but that did not hinder the ultimate development of our people. That is why, despite the tendency to assign merits to men, my departure will absolutely not influence the future of our fatherland and I am convinced of this.

[Turner] How would you hope the world will remember you?

[Castro] I do not know how the world will remember me. I simply hope that the world, and especially our people, will remember me for what I really am.

[Turner] Thank you very much, Mr. Castro.

[Castro] Thank you very much, Ted, for your patience.

Visiting Mexican Official on Antidrug Agreement

PA2806160190 Mexico City NOTIMEX in Spanish 0002 GMT 28 Jun 90

[Text] Havana, 27 Jun (NOTIMEX) — Mexican Deputy Foreign Secretary Sergio Gonzalez Galvez met with Cuban Vice President Carlos Rafael Rodriguez today and discussed "matters of regional interest."

Gonzalez Galvez has told NOTIMEX that bilateral cooperation to fight drug trafficking was among the important topics discussed during the meeting with the Cuban vice president. Gonzalez Galvez also met Cuban Foreign Minister Isidoro Malmierca, with whom he discussed bilateral and regional matters.

The Mexican Deputy Foreign Secretary today attended the ceremony to sign a "Bilateral Drug-Trafficking Cooperation Agreement between Mexico and Cuba."

Gonzalez Galvez commented that the agreement expresses the willingness of the Mexican and Cuban Governments to provide mutual assistance for fighting drug trafficking, which is affecting the two countries.

He said that "the agreement is essentially political rather than technical because it expresses the desire of the two countries to assist in the struggle against this scourge."

Gonzalez Galvez, who yesterday arrived in Havana for a short official trip to Cuba, will leave tomorrow for Jamaica where he will stay for three or four hours before returning to Mexico.

The diplomat, who headed his country's delegation to the OAS 20th General Assembly held at the beginning of this month in Paraguay, did not comment on the topics he discussed with the Cuban officials.

The possibility of formally proposing Cuba's return to this organization was one of the greatest expectations at the OAS meeting. However, according to Latin American diplomatic sources, this was "only discussed in the lobbies."

Thus far, the Mexican diplomat's visit to Havana has been handled discreetly, and the media has not been notified of his arrival in Cuba.

Soviet Admiral Visits Friendship Association

FL2806145690 Havana Tele Rebelde Network in Spanish 1100 GMT 28 Jun 90

[Text] The agenda of Rear Admiral Aleksandr Gorbunov, chief of the Soviet fleet, has taken him to the Cuban-Soviet Friendship Association. Rear Admiral

Gorbunov is heading the Soviet naval fleet in Cuba on an official visit since Monday [25 June]. He was accompanied by (Gennadiy Izov), USSR Embassy adviser to Cuba, and chiefs, officers, and sailors of the detachment composed of the flagship, the antisubmarine Azov, the destroyer Gremyashchy, and the tanker Gasanov.

Association President Zoilo Marinello welcomed Rear Admiral Gorbunov and his entourage and briefed them on the association's composition, organization, and activities. The distinguished guest considered the program of activities prepared for this visit as very good and through. This is his first visit to the island of freedom. He said this constitutes the realization of an old wish.

Ramon Castro, work hero of the Republic of Cuba and president of the Cuban-Soviet Friendship Association branch in Havana Province; other association leaders; and Eva Seoane, vice president of the Cuban Institute of Friendship with the Peoples, also were present at the meeting.

PCCh Secretary General Teitelboim Arrives

FL2806204790 Havana Tele Rebelde Network in Spanish 1700 GMT 28 Jun 90

[Text] A delegation of high-ranking members of the Communist Party of Chile [PCCh] arrived in Cuba today. They are visiting the country at the invitation of our party's leadership.

The delegation includes PCCh Secretary General Volodia Teitelboim, Second Secretary Gladys Marin, and executive member Carlos Suniga.

The Chilean delegation was received by Manuel Pineiro, member of the Communist Party of Cuba [PCC] Central Committee, and other officials of the Central Committee's American Department.

The PCCh was banned for over 16 years during the dictatorship in Chile but it now faces a new stage. Volodia Teitelboim tells us about it:

[Begin recording] [Teitelboim] The PCCh has assumed a de facto legal status because from the standpoint of the law, it is not totally legal. We are in the process of legalizing it. However, we fully participate in the struggle for the total democratization of the country. We want the country to become a real democracy. For this to be possible, Army Commander in Chief Augusto Pinochet must resign from all his posts so that civilians can take total control of the direction of the country.

[Unidentified reporter] The recent finding of common graves in Pisagua shook the national and international community. Do you think that justice will be done in this case?

[Teitelboim] We are fighting for truth and justice. That is our banner. I think the great majority of Chileans want justice. It is not a partisan issue, the entire Chilean people demand justice. There are important factors uniting the majority of Chileans who want to rid themselves of this nightmare, of this heavy burden on their conscience. The wound is still open. The only way to heal it is if truth and justice prevail. International solidarity is very important at this time, just as it has been during the past 16 years. Worldwide public opinion is asking that this crime against humanity be punished. If we do not do so, we are taking the risk of repeating the tragedy in the future. Chile cannot tolerate another 11 September [Armed Forces coup in 1973], other coups, new bloodbaths, or genocides like the one that has just been discovered. [end recording]

Regarding the conclusions of the recent PCCh congress in Chile, Teitelboim said:

[Begin Teitelboim recording] The party reaffirmed the principle that the revolution is still fully valid, that socialism continues to be a real banner for all peoples, including our own people. [end recording]

Melendez on CEMA Restructuring Commission

FL2906005090 Havana Television Service in Spanish 0000 GMT 29 Jun 90

[Text] Ernesto Melendez, minister president of the Cuban State Committee for Economic Cooperation, has expressed in Moscow his satisfaction with the work of the special commission to restructure the mechanisms of the Council for Mutual Economic Assistance, CEMA. The Cuban representative to that commission, which today concludes a regular session in the Soviet capital, said that the texts that were analyzed include points capable of ensuring the renewed future of CEMA.

According to Melendez, the participants in the meeting evaluated the special characteristics of Cuba, Mongolia, and Vietnam, which will be taken into consideration when the final documents on the process of CEMA reorganization are drawn up.

Commentary Notes Nelson Mandela's Remarks

FL2806165290 Havana Tele Rebelde Network in Spanish 1100 GMT 28 Jun 90

[Commentary by Lino Fernandez]

[Text] The strength and courage of black South African leader Nelson Mandela was once more put to the test by defining his stand on three mortal enemies of Yankee imperialism: Fidel Castro, Mu'ammar Qadhdhafi, and Yasir 'Arafat. Under the nose of the U.S. representatives, the African National Congress [ANC] vice president praised the practical support those three revolutionary leaders selflessly give to the black South African people.

The remarks made by Mandela before some 1,000 at New York City College's (Alan Davis) Hall has an explosive charge and is of far-reaching importance which has already prompted negative comments and stands within the U.S. Congress and White House.

The antiapartheid leader has shown, first in the racist prison for over 27 years, and now during his visit to the country considered one of the strategic allies of the Pretoria regime, his unyielding moral stature.

It is well known that Mandela's six-week tour through 14 African, European, and North American countries is aimed at asking that the economic sanctions against South Africa be maintained until the racial segregation regime is completely dismantled. This petition is especially aimed at the United States inasmuch as South Africa is waiting for the Bush administration to have the IMF grant a loan for over $1 billion.

Under these circumstances, and knowing that his U.S. visit is the climax of his tour, Mandela did not yield. Responding to the provocative questions attempting to get him to define his stand on the leaders of Cuba, Libya, and the PLO, he did not hesitate to express his deep recognition of the material and moral solidarity provided by the representatives of those peoples, even though those statements could affect the goals of his stay in the United States.

In addition, we were able to notice through a videotape how Mandela strongly responded to Bush's interest in getting the ANC to stop fighting. Mandela stated that as soon as the South African Government eliminates all the obstacles to negotiations, the ANC will consider the end of hostilities.

These are lessons that imperialists cannot understand because their mentality is full of rotten mercantilism. This is the third international trip of the untiring black South African struggler since his release from prison on 11 February. Although his tour has not yet come to an end, we can already congratulate the veteran fighter, who will turn 72 next month, for the successful results of his people's struggle.

I want to end this commentary by recognizing a person who accompanies her husband and a fellow fighter who is almost going unnoticed by the press. I am referring to Winnie Mandela, who has faced attacks and all kinds of pressures from the racist regime with courage and strength, for which she was called Mother Africa. This journalist wants to express his admiration and honor the woman, the black woman, the South African woman, and the woman fighter: Winnie Mandela. Thank you very much for your attention.

FRG-GDR Program To Help Nicaragua, Havana

FL2806163790 Havana Radio Reloj Network in Spanish 1407 GMT 28 Jun 90

[Text] According to official sources, Nicaragua and Cuba are among the first countries that will benefit from future development programs that will be jointly established by the FRG and GDR Governments.

The FRG Ministry for Economic Cooperation reported in Bonn today that it has reached an agreement with its GDR counterpart to create joint work teams. Both ministries also decided to create six work teams to study the possibilities for development cooperation with Mozambique, Namibia, Angola, Ethiopia, Vietnam, and Cambodia.

The conclusions of these studies will be released on 27 July during a new FRG-GDR bilateral meeting. At that time, three other groups in charge of studying preferential prices, the foreign debt, and professional training will also present their reports.

Salvadoran-FMLN Talks Stress Demilitarization

PA2806235590 Havana International Service in Spanish 0100 GMT 27 Jun 90

["Our America" commentary read by Manolo Ortega]

[Text] Optimistic despite the lack of results, Alvaro de Soto, the personal representative of the UN secretary general, informed the press in the Mexican city of Oaxtepec that a new round of talks between Salvadoran Government and guerrilla representatives had come to an end.

The talks will resume at the end of July, but for the time being most of the people who follow these meetings closely are correct when they say that the first point on the agenda, the demilitarization of Salvadoran society, is the most difficult topic and the one that that will perhaps take the longest time to resolve.

According to the insurgents' proposed demilitarization of Salvadoran society, agreements must be reached to put an end to the Army's impunity, purge the military ranks, dismantle the paramilitary corps, and stop the forceful recruitment of youths. We should recall that this is the starting point of the negotiations, because it will be impossible to discuss other issues that affect Salvadoran society if achievements cannot be made regarding an in-depth purging of the Armed Forces, which have served repressive regimes for such a long time. It will also be necessary to purge the countless number of other groups that are sheltered by the military.

With 10 years of war and over 70,000 deaths, the dialogue for peace in El Salvador is a vital issue. Even though some people are encouraged by the simple fact that the opposing sides are talking to one another, an agreement may be hindered by inflexible positions, usually on the government's side.

We must not forget that although demilitarization was the leading topic at this round of talks, it was broached from completely opposite positions. On one side were the representatives of an insurgent force, considered the most stable and consolidated in Latin America, which is insisting that it will not abandon the armed struggle until the problems that caused the war are solved; on the other side were the representatives of an ultraconservative government which seeks at all costs to reverse the correlation of forces in its favor by resorting to the

oft-used method of including time as a decisive element in the complicated negotiations.

To make the point clearer, according to the Farabundo Marti National Liberation Front [FMLN], society must be demilitarized as a leading condition for ending the armed confrontation. For the Nationalist Republican Alliance government, within the democratization process the country is undergoing, the Armed Forces could fulfill a variety of functions, but it could never be dismantled or have its influence diminished.

In contrast to the guerrillas, Alfredo Cristiani's government is subject to strong domestic and foreign pressures. The pressure from the U.S. Congress must not be overlooked, for it is determined, presumably, to stop financing a completely mistaken counterinsurgency plan. Nevertheless, the Salvadoran Government's inflexible position concerning the military issue may delay any future solution.

Risquet Closes FMC National Committee Plenum

FL2806201590 Havana Radio Reloj Network in Spanish 1959 GMT 28 Jun 90

[Text] In closing the plenum of the national committee of the FMC [Cuban Women's Federation], held to analyze the fourth party congress document, Politburo member Jorge Risquet said that the discussion of this issue by the FMC was very rich, and every comrade expressed her opinions openly and frankly. The plenum analyzed critically the mistakes made by the organization which have given rise to challenges concerning work at the base level.

In this regard, Risquet stressed that this was discussed with a very self-critical spirit; that is, looking at the successes and also the deficiencies, which presupposes that there is a will to eliminate the mistakes and the unjust things that were done in certain circumstances. He pointed out that this is how we will succeed in improving the FMC's work as part of our task of refining the work of all the mass organizations, the UJC [Union of Young Communists], the party, and the People's Government, including the National Assembly.

Castro Donates Blood for Earthquake Victims

FL2806135590 Havana Tele Rebelde Network in Spanish 1100 GMT 28 Jun 90

[Text] The Public Health Ministry has made a call to the population to go to the various blood banks in an orderly manner and make donations. The blood will immediately be sent to help the Iranian people. Beginning today, our blood banks in the entire country will be able to receive the donating population.

Responding to the call made by the Public Health Ministry to donate blood to produce plasma and blood serum albumin for Iran, the commander in chief, Comrade Fidel Castro made the first donation for that purpose at Havana's Marianao Municipality blood bank last night.

Another Cuban plane loaded with medical aid for Iran departed today at dawn. According to Dr. Julio Teja, Cuba's minister of public health, the aircraft is carrying over 435 packages containing plasma and blood serum albumin as well as extractors [extractores] so the blood can be used right after it arrives. Previously, our country had also sent to Iran three tons of plasma, 20 tons of medicines, and a portable hospital with 100 beds and a 40-person team.

Trade With Spanish Firm Amounts to $6 Million

FL2806183990 Havana Radio Rebelde Network in Spanish 1700 GMT 28 Jun 90

[Text] Cuba's transactions with the Spanish firm (Interglisa) amounts to $6 million a year. Our country is acquiring water-cooling units, heat pumps, and various types of frames. According to Andres Escribano, this trade may increase since there is the need to acquire high-quality, low-noise air conditioners. Escribano told Radio Rebelde that (Interglisa) is interested in having Cuba produce refrigeration equipment and air conditioners using Spanish technology. This equipment is currently being purchased abroad.

Inter-Caribbean Affairs

Caricom Summit To Discuss U.S. Initiative

FL2906123890 Bonaire Trans World Radio in English 1130 GMT 29 Jun 90

[Text] Caricom [Caribbean Common Market] Secretary General Roderick Rainford said he will include a new U.S. initiative on the agenda of the Caricom's summit meeting coming up. Mr. Rainford was responding to U.S. President George Bush's announcement on Wednesday [27 June] of a plan to establish economic partnerships with Latin American countries.

Dominican Republic

Balaguer Supports Bush Foreign Debt Proposal

PA2906035090 Paris AFP in Spanish 0316 GMT 29 Jun 90

[Text] Santo Domingo, 28 Jun (AFP)—Dominican President Joaquin Balaguer expressed support today for U.S. President George Bush's proposal to write off part of the Latin American and Caribbean foreign debt with the United States.

"All of Latin America wants a formula to eliminate the debt that was contracted with the government of the United States and other countries," Balaguer said in a Santo Domingo news conference.

Even though he does not have a clear idea of the extent of the plan presented by Bush, Balaguer supported the creation of a free trade zone in the hemisphere.

Oil Worker Unrest; Refinery Militarized

FL2806192990 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 28 Jun 90

[Text] The government has militarized the Dominican Oil Refinery, Refidom, to prevent the entry of tank trucks onto the premises. The measure was prompted by the recent labor conflict that led to a gasoline shortage. The government measure was a consequence of the labor conflict between truck drivers and owners. The situation has led to an artificial shortage of gasoline and gas oil. Drivers demand a new contract and new salary increases.

Secretary of the Presidency Rafael Bello Andino yesterday said that if the conflict was not solved soon the government might decide to take over direct control of the distribution of gasoline, gas oil, and other fuels.

Grenada

European Investment Bank To Grant Credit Line

FL2806200290 Bridgetown CANA in English 1931 GMT 28 Jun 90

[Text] St George's, Grenada, June 28, CANA—Grenada is earmarked to receive a line of credit worth U.S. 10 million dollars from the European Investment Bank (EIB) to support development of the hotel sector, Prime Minister Nicholas Brathwaite announced. The money will be deposited with the state-run Grenada Development Bank (GDB) for on-lending to small hoteliers for expansion of their property. Before the money can be disbursed, Brathwaite said a quorum of countries must formally sign the Lome IV Agreement, an aid and trade pact between the African, Caribbean, and Pacific (ACP) group and the European Economic Community (EEC).

Haiti

CEP To Distribute Draft Electoral Law 29 Jun

FL2806155390 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 28 Jun 90

[Text] The Provisional Electoral Council [CEP] announces to the political parties that the draft electoral law will be available in both French and Creole at the Villa d'Accueil [government guest house, presently CEP headquarters] as of 29 June. The CEP will distribute copies of this electoral law to certified representatives of political parties between 0830 and 1030 on 29 June.

This press release is signed for the CEP by secretary general Jean Casimir.

CEP President To Request Security Guarantees

FL2806173790 Port-au-Prince LE NOUVELLISTE in French 25-26 Jun 90 No 33.838 p 1

[Excerpts] Provisional Electoral Council [CEP] president Jean-Robert Sabalat is going to ask the commander in chief of the Armed Forces [FADH] for "formal specific guarantees" for the security of the electoral process. Sabalat told Radio Haiti-Inter that he will, for this purpose, request a meeting with Lieutenant General Herard Abraham.

The CEP president also wishes to officially enter into contract with the Coordinating Committee for the Security of the Electoral Activities, formed recently within the FADH. The CEP only received official notification of the formation of this committee Friday [22 June] evening, said Sabalat. Curiously—he points out—the CEP was notified that this committee had been formed after it complained, that very day over TNH [National Haitian Television], that it, the CEP, is not getting any kind of security from the Army. [passage omitted]

Sabalat also confided to the radio station that he has the unpleasant sensation of reliving the same climate that prevailed before the elections of 29 November 1987, for—added Sabalat—"there are essential factors which have not changed."

Demonstrations at Villard, Montes Funerals Noted

FL2806191790 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 28 Jun 90

[Excerpts] [Announcer] Two new victims of the retrograde, antichange forces—Serge Villard and Jean-Marie Montes—were buried yesterday amidst generalized indignation and demonstrations against Mrs. Trouillot and thugs both inside and outside the Army. Demonstrators demanded security and justice and said they considered these to be among the things they are most interested in now.

Villard was buried in Cap-Haitien, following a big funeral service at Cap-Haitien's cathedral attended by some 2,000 people who gathered both inside the cathedral and outside on the square to doff their hats one final time to that important fighter for freedom and respect for human rights. Several thousand more people later joined the first crowd participating in the ceremony and demonstrated. [passage omitted]

[Reporter] [passage omitted] Many people from other places, people from all over, came to Cap-Haitien to pay a last homage to Serge Villard. There were representatives of a number of sectors of Haitian society, among them, most of the State Council members and representatives of a number of political and union organizations, including Idli Cameau, who was jailed after being arrested in a strange manner.

Villard's funeral did not turn out to be a private funeral as the family had wanted. It was attended by merchants, schoolchildren, street vendors, and all kinds of very angry adults and children who filled Notre Dame Square in Cap-Haitien. [passage omitted]

The Army, armed with murderous heavy-caliber weapons, once again exerted much pressure on the crowd carrying the valiant man's coffin. People unable to join in the march stood on their balconies chanting along with the crowd. Serge Villard, father of Article 291 barring macoutes, went into the grave with a copy of the Constitution inside his coffin. [passage omitted]

[Announcer] A very simple ceremony was held first for unionist and agronomist Jean-Marie Montes at Pax Villa Funeral Home in the Sacre Coeur area of Port-au-Prince yesterday morning. It was held in an atmosphere of indignation on the part of the population against the thugs and the people who are tolerating or encouraging them. The family then left for Petit Goave with the body for another ceremony, where there were also many things said among the population. [passage omitted]

The demonstrators chanted slogans hostile to the ANDP [National Alliance for Democracy and Progress], Mrs. Ertha Pascal Trouillot, and a number of other inexperienced leaders, whom they claim are the reason things have reached the point they have. They asked that vigilance brigades be reconstituted and that the forces of death be arrested and brought to trial. [passage omitted]

During the funeral ceremony, lawyer Ernst Malebranche, union representative in the State Council, made a speech in which he called the criminal act committed at the Santos Hotel as one more failure by those who are supposed to be in a position to guarantee peace and security. [passage omitted]

This funeral service at Pax Villa was attended by several State Council members, Social Affairs Minister Claudette Werleigh, and a number of political parties and union organization representatives. [passage omitted]

Council of Bishops Issues Statement on Events

FL2806181090 Port-au-Prince Radio Soleil Network in Creole 1830 GMT 27 Jun 90

[Excerpts] Haiti has been going through government after government for the past four years and four months. Not a single one of these governments, however, has managed to be stable enough to provide the slightest solution to the most pressing of daily problems and the problem of the fear that is crippling the Haitian people. That was a statement made by the permanent Council of Bishops [Episcopal Conference of Haiti, CEH] on the current difficult political situation in Haiti, which has now been aggravated by the Hotel Santos attack.

In this statement, the CEH called on the Haitian people to shoulder their responsibilities—after four years of disappointments—to establish a democratic government in Haiti.

In this statement, issued in both French and English, the CEH declared that in the past four years and four months, no leader who has been in power has ever tried to pay heed to the population's demands; meanwhile, the nation's economy has been progressively deteriorating and the public administration going downhill. Instead of the authorities' taking advantage of the past four years to rebuild the country, setting it back on the right track to increase its prestige in the eyes of foreign countries, division has established itself among them, with the ideas of one contradicting the ideas of another.

Even the current government, which had given people a bit of hope because it stemmed from a consensus, does not seem to be able to make a difference, said Monsignor Leonard Petion Laroche, Bishop of Hinche and president of the CEH, who read a part of the message.

[Begin Laroche recording] [passage omitted] When this government came to power, it brought great hope for it said it felt its primary mission was to lead the country to a stable government through free and honest elections, and everyone doffed its hat to it.

Since then, we have traveled a goodly distance: The CEP, or Provisional Electoral Council, is already formed. The electoral law is before the executive. International organizations and several countries have promised aid and assistance.

At the same time, however, it looks as if there are people who are seeking to stop the elections from being held. Everyone can bear testimony to the fact that insecurity has increased. Crimes and murders are committed in broad daylight. What is worse, they even attacked the State Council and members of the popular sectors as they were preparing to hold a political meeting. [passage omitted]

These unspeakable crimes shame those who commit them, as well as those who push the perpetrators to commit them. They also outrage everyone in the country. It is in the name of all Haiti's bishops that the permanent Council of Bishops today protests with all its force these criminal acts that have brought about the deaths of many of the nation's children.

Once again, the bishops' council reminds everyone that human life should be respected. The bishops ask the pertinent authorities to employ all means to catch the perpetrators of the Hotel Santos crime, try them, and sentence them.

The time has come to put a stop to the rumors—rumors circulating widely—to the effect that those criminals have accomplices who protect them. [end recording]

The CEH extends its condolences to the families and relatives of the victims, and promises to say many

prayers for the victims. The CEH also asks the rest of the members of the State Council not to be intimidated by such acts, and to continue their mission, which is to work to establish in Haiti a democratic government that will have been chosen by the Haitian people themselves, a government that will be capable of hearing, before all else, all the Haitian people's cries and legitimate demands.

In the same message, the CEH asks the authorities to shoulder their responsibilities and seek, catch, try, and sentence the murderers.

CEH vice president Msgr. Alix Verrier, Bishop of Les Cayes, said the time has come to put a stop to rumors to the effect that the criminal murderers are being protected by those responsible for providing security and justice in Haiti. [sentence as heard]

[Begin Verrier recording] It is time for everyone to forget himself and enter into dialogue, with each seeking to listen to the others, each seeking to understand the others. That is what is required to save the nation.

We must forget personal pride and ambition, quarrels, and everything that can divide us, to really focus on that which unites us. In that way, once again, the Haitian people can save themselves through the concerted action that constitutes strength. [passage omitted] [end recording]

Jamaica

Seaga Seeks Government Statement on IMF Test

FL2806211590 Bridgetown CANA in English 2052 GMT 28 Jun 90

[Text] Kingston, Jamaica, June 28, CANA—Jamaica has secured a new loan of US30 million dollars from the international commodities trader Marc Rich, according to opposition leader Edward Seaga. Seaga made the claim in a press statement in which he called on the government to make a clear statement on the International Monetary Fund test for June—for continued economic aid—in view of confusion in relation to the failure of the March test.

While in opposition, the People's National Party [PNP] had complained of Seaga's deals with Rich because of his South African connections, but the PNP administration admitted it had turned to the controversial trader for help. The Jamaican Government is currently negotiating higher prices for alumina which it sells to Rich under an exclusive ten-year contract.

Seaga said a statement on the IMF test was needed now, especially as there was failure in an area where the prime minister had assured the country that the test would have been passed. In April, Prime Minister Michael Manley announced that Jamaica had passed the international reserves test. However, last week Bank of Jamaica Governor G. Arthur Brown said that Jamaica was negotiating a waiver with the IMF because it had not met all the targets set by the Fund.

According to Seaga, up to last week the target for June on the foreign exchange side faced a shortfall of some US45 million dollars. "Whether the balance has now been found to pass the test should be known at this point and a clear statement from the government should say so, as the uncertainty is serving to put even more pressure on the (Jamaican) dollar," he said.

Seaga added that this was a re-run of last year, at which time the government was unable to meet the targets of the IMF test and had to reverse its decision on dealing with Marc Rich in order to pass the June test.

Government Backs Cuban Membership in CTO

FL2806172090 Bridgetown CANA in English 1656 GMT 28 Jun 90

[Text] Kingston, Jamaica, June 28, CANA—Cuba's bid to become a member of the Caribbean Tourism Organisation (CTO) received a further boost on Thursday [28 June] when Jamaica announced support for Cuba's application. Earlier this week, Trinidad and Tobago pledged to give Cuba similar support when the application comes before a ministerial meeting of the CTO in Trinidad and Tobago this weekend.

Jamaica's Tourism Minister Frank Pringle told reporters Jamaica took a "regionalist" view of things and considered Cuba to be a part of the region. He said there were benefits to be derived from having Cuba in the organisation as there would be more opportunities for dual destinations.

In recent years, Cuba has vigorously sought to rebuild its once-thriving tourism industry which slumped following Fidel Castro's rise to power in 1959. The aim is to boost foreign exchange earnings.

Media Reacts Positively To Bush Economic Plan

PA2806192790 Hamburg DPA in Spanish 1604 GMT 28 Jun 90

[Text] Mexico City, 28 Jun (DPA)—The Mexican media today reacted positively to the Initiative for the Americas' plan announced yesterday by U.S. President George Bush.

The plan for the hemisphere announced by the U.S. president envisages the gradual creation of a free trade zone with Latin America, includes a plan to develop investments in Latin America, and proposes a partial elimination of the debt Latin America owes Washington.

The influential EXCELSIOR notes in an editorial that "nothing is certain yet, but the fact that Washington is reevaluating its ties with Latin America and setting aside its approach based on gifts to embrace the principle of unrestricted commerce represents a step forward."

According to the daily, the Bush initiative "somewhat minimizes fears that the events in East Europe may have so much strategic weight that they would draw not only diplomatic initiatives but also, of course, all the capital and financing."

EXCELSIOR warns, however, that the plan implicitly carries the threat of "dangerously strengthening the idea of creating an American bloc headed by the United States," a bloc that "could assume not-too-friendly, and even openly unfriendly, positions regarding Asian and European blocs."

The morning newspaper EL NACIONAL, the mouthpiece of the Mexican Government, believes that this is not any kind of plan but a matter of "positive ideas that if supported by the other countries of the hemisphere, could result in cooperation for economic and social development."

Expressing a more prudent and skeptic evaluation, the left-leaning LA JORNADA states that Bush's proposals "manifests the U.S. Government's intention to expand its commercial and financial influence throughout Latin America."

This daily also believes that the foreign debt initiative announced by Bush is not different from the mechanisms and critera that the international community has been implementing so far since debt reductions would be handled "case by case" and would be conditioned to commercial openings, the promotion of the free market, and the approval of multilateral financial organizations.

Former PRI Deputy Arrested on Drug Charges

PA2906023190 Madrid EFE in Spanish 2348 GMT 28 Jun 90

[Text] Piedras Negras, Mexico, 28 Jun (EFE)—Alfredo Jimenez Villarreal, a former PRI [Institutional Revolutionary Party] deputy and cattlemen's leader, was arrested today on charges of allowing drug shipments from Colombia to enter the country through his estates, it was reported today in the city of Piedras Negras in northern Mexico.

Narcotics police commander Victor Blancas Salazar has also reported that there is an arrest warrant for Alfredo Jimenez Morales, the son of the former PRI deputy. Jimenez Morales is currently at large.

Blancas Salazar said that Jimenez Villarreal, who was president of the National Cattlemen's Federation, is charged with the possession, transportation, and sale of cocaine, in addition to being linked with the Medellin Cartel.

He added that Jimenez Villareal is also charged with the murder of Bartolome Galan Palacios, a former member of the government of the State of Coahuila—where Piedras Negras is located—also an alleged drug trafficker.

Piedras Negras borders the U.S. city of Eagle Pass, Texas.

Costa Rica

Reportage on Reactions to Bush's Trade Proposal

Free Trade Zone Idea Praised

PA2806220990 Mexico City NOTIMEX in Spanish 2131 GMT 28 Jun 90

[Text] San Jose, 28 Jun (NOTIMEX)—U.S. President George Bush's "initiative for the Americas" was received here with applause by the government and with reservations by the private sector of Costa Rica.

Foreign Trade Minister Roberto Rojas Lopez has said that the creation of a free trade zone between the United States and Latin America responds to one of the old demands of the area.

However, the Costa Rican Government feels that the $300 million contemplated by the "Bush Plan" is not enough for the investments that seek to liberate the market and privatize the state enterprises.

At least $3 billion should be alotted for that program in the countries of the area, the foreign trade minister added.

Meanwhile, Samuel Hidalgo, president of the Costa Rican Association of Chambers of Commerce, has said that the dismantling of the tariff barriers might entail the bankruptcy of enterprises that are not capable of coping with foreign competition.

'Initiative for the Americas' Welcomed

PA2806162190 Panama City ACAN in Spanish 0145 GMT 28 Jun 90

[Text] San Jose, 27 Jun (ACAN - EFE)—Costa Rican Economy and Industry Minister Gonzalo Fajardo today termed as "extraordinary," and "very encouraging" the "initiative for the Americas" proposed by U.S. President George Bush. Fajardo was voicing his personal opinion on the Bush proposal and announced the Costa Rican Government will comment on it after receiving the official text of the U.S. initiative.

Fajardo told ACAN-EFE that the Bush proposal is "in line" with the Economic Action Plan for Central Plan (PAECA), designed by the Central American presidents during their latest summit held in Guatemala from 16 and 17 June. He said tomorrow, 28 June, when meets with his Central American counterparts in Guatemala, he will propose drafting "a response from the region" to the "initiative for the Americas." The minister noted the "most attractive" points of the Bush proposal are the call to promote free commerce in the hemisphere and swapping the foreign debt for resources to protect the continent's ecological wealth.

Fajardo said the plan constitutes a "happy coincidence" with efforts by the Central Americans to participate as a bloc in world trade. He felt the initiative "goes further" than the proposal made by U.S. Secretary of State James Baker to the area presidents during their meeting in Guatemala. Baker assured the presidents the United States would help them with their own resources as well as those from the developed world.

Calderon on 'Integration, Economic Cooperation'

PA2806162290 Panama City ACAN in Spanish 2025 GMT 27 Jun 90

[Text] San Jose, 27 Jun (ACAN-EFE)—Costa Rican President Rafael Calderon said today that Latin America is experiencing "its worse crisis since the thirties," and the only solution is "integration and economic cooperation."

Calderon feels that Latin America "has been left behind," and while the industrialized nations are improving their standard of living and some Asian countries are even reaching a developed stage, the Latin American region is going through "its worst crisis since the thirties."

During a private event, Calderon advised that "if we want to be someone in today's world, the only solution is integration and economic cooperation."

He pointed out some problems that are "threats" to the consolidation of the political democracy in Latin America, such as economic stagnation, inflation, poverty, and the rise in unemployment.

"Even though strategies have changed, and even though we now speak of a new development model and place emphasis on the promotion of exports, the truth is that this area of the hemisphere has not yet clearly seen the light of development yet," he emphasized.

Calderon believes the reduction or elimination of the "spectacular" Latin American foreign debt will not be enough as long as the causes of this debt are not attacked.

He added that the debt problem should be taken care of "urgently," not only as a financial problem, but as a "sociopolitical" issue.

The Costa Rican president pointed out that "Latin America will be able to cope with development based only on economic integration and South-South cooperation."

Calderon, age 41, said that Costa Rica has been saved from the crisis affecting the majority of its neighbors because it was able to introduce priniciples of social justice into its democracy that improved the quality of living of its people.

"Without social justice, democracy could become a fictional novel in which just a few people participate," he stressed.

El Salvador

National Assembly President Attacked

Alvarenga 'Unharmed'

PA2806130790 Panama City ACAN in Spanish 1222 GMT 28 Jun 90

[Text] San Salvador, 28 Jun (ACAN - EFE)—According to police sources, Salvadoran National Assembly President Ricardo Alvarenga Valdivieso was unharmed in an attack carried out last night by unidentified men, who shot at the car in which Alvarenga was riding.

The attack took place a little before 1930 local time (0130 GMT) near the National Assembly after Alvarenga had left the Legislative Palace.

On a local radio station, Alvarenga said that the Farabundo Marti National Liberation Front (FMLN) guerrillas were responsible for the attack.

The vehicle was fired at while going through a neighborhood whose streets were dark because of various FMLN attacks, which had left a large part of San Salvador without electricity early last night.

The police did not specify whether any of the members of Alvarenga's escort or any of the people who were with him at the time of the attack were wounded.

FMLN Denies Connection

PA2906014890 Mexico City NOTIMEX in Spanish 2355 GMT 28 Jun 90

[Text] San Salvador, 28 Jun (NOTIMEX) — The Salvadoran guerrillas denied today any responsibility in the attack last night against National Assembly leader Ricardo Alvarenga. Meanwhile, Alvarenga repeated his accusations against the FMLN [Farabundo Marti National Liberation Front] and opposition political leaders.

In a telephone call to a local radio station, an FMLN member said that Alvarenga's accusations against the rebels "are untrue."

Meanwhile, urban guerrillas have claimed responsibility for the attack in San Salvador at the national police patrol, in which a civilian was killed.

Legislative Assembly President Ricardo Alvarenga has blamed the FMLN for the attack against him last night as he was traveling in his vehicle in the western sector of the city. Several unidentified men fired at him.

Alvarenga also blamed leftwing political opposition leader Mario Aguidana. Aguinada, leader of the Nationalist Democratic Union (UDN) today said that Alvarenga, because of his accusations against the guerrillas, will be responsible if the dialogue between the government and the FMLN is suspended.

Interviewed by reporters at the assembly, Alvarenga said: "From now on, I hereby hold Aguinada, the FMLN, and the FDR (Democratic Revolutionary Front) responsible for my life."

Ruben Zamora, leader of the Social Christian People's Movement (MPSC) said that Alvarenga's accusations are "irresponsible" and do not benefit the peace process being carried out between the government and the guerrillas.

Juan Jose Martell, member of the MPSC directorate also rejected Alvarenga's statements that the opposition parties knew about the attack against him.

The MPSC condemned the attack in which Alvarenga was unharmed, but said this "does not give Alvarenga the right to make accusations that heighten the climate of confusion."

Government Condemns Attack

PA2906044590 San Salvador Canal Doce Television in Spanish 0319 GMT 29 Jun 90

[Text] The Government of El Salvador has condemned the attack against Ricardo Alvarenga Valdivieso, saying that it was a treacherous attack because it endangered the lives of the president of the Legislative Assembly and the people who were with him.

Through a National Communications Secretariat communique, the government insists these cowardly attacks break the public committments made by the FMLN [Farabundo Marti National Liberation Front] on 16 March and are inconsistent with what the FMLN delegates speak at the negotiations table.

In view of this lack of consistency, the government of Alfredo Cristiani voices its concern that there might be divisions among the armed groups, as these attacks show that the perpetrators do not comply with what the FMLN leaders promised during the peace negotiations, the official communique adds.

Rebel Station Comments on Demilitarization

PA2806173190 (Clandestine) Radio Venceremos in Spanish to El Salvador 0000 GMT 27 Jun 90

[Station commentary: "Is the Elimination of the Salvadoran Army Possible?"]

[Text] This question becomes more important every day. Will it be possible to completely demilitarize Salvadoran society? Taking into account the historical role of the Armed Forces in our country, many people think that demilitarization is a mere utopia and an impossible mission.

We not only think that demilitarization is possible but also essential to attain a firm democracy and economic development. Why do we think this? Because to solve the military problems of the conflict, [words indistinct] present the following options: First, the annihilation of one of the armies; second, the integration of the two armies; and third, the disappearance of the two armies.

After 10 years of war, it is completely clear that the first option is not feasible. In view of the political and ideological differences and the unhealed wounds caused by 10 years of bloody confrontation, the second option is also unfeasible. Thus, we only have one option: the total demilitarization of Salvadoran society. This will be difficult, but not impossible.

There are two ways to achieve the country's demilitarization. The first way is through the negotiation process. In other words, the two conflicting parties would agree to simultaneously demobilize and disarm their armies. The second way is through the Constitution. In order for this second option to work, the country's democratic forces would have to obtain an absolute majority within the Legislative Assembly through clean elections in order to approve the necessary constitutional amendments leading to the disappearance of the Armed Forces. In this case, public order would be guaranteed by a professional police force that would be subordinated to the civilian authority.

Current world opinion favors demilitarization and the disappearance of the two armies. The whole world is talking about the reduction of military forces because of the tremendous economic burden they represent and because [words indistinct]. In Central America, the tendency toward demilitarization is evident. At least no one is willing to continue financing regular armies or rebel forces in our region.

The U.S. Government announced that after 10 June [date as heard] it will not give one more penny to the Nicaraguan counterrevolution. Thus, the disarmament of the contra movement will have to take place in one way or another. This disarmament will entail the significant reduction of the Sandinist People's Army [EPS]. The EPS reduction would consequently entail the withdrawal of the U.S. troops from Honduras while the Honduran economic crisis would consequently force the reduction of that country's Army. Costa Rica does not have an army, and Panama eliminated its Armed Forces through a constitutional decree.

Within that context, the demilitarization of Salvadoran society seems like a possible and desirable goal. Obviously, we would have to struggle to attain that objective. We would have to struggle for the purging and reduction of the Armed Forces and the readjustment of their role in society. We must also prepare all the necessary plans for the demobilization and disarmament of soldiers and combatants.

When the last soldier and the last guerrilla turn in the last two rifles, democracy, peace, and economic wellbeing will become a reality in our country.

Guatemala

Editorial Urges Talks To Begin With URNG

PA2706154890 Guatemala City EL GRAFICO in Spanish 26 Jun 90 p 11

[Editorial: "Grass-Roots Sectors Called to the Dialogue With the Guatemalan National Revolutionary Unity, URNG"]

[Text] The recent dialogue between political parties and URNG leaders in Madrid showed that the hopes for attaining peace in Guatemala are not lost and that with a little goodwill it will be possible to reach an agreement on ending the almost 30 years of confrontation and death that have brought mourning to the Guatemalan people. In order for that dialogue to be effective, it must include all the national sectors. The National Reconciliation Commission, CNR, has realized this and has invited the grass-roots sectors to participate in a meeting with the URNG that will take place probably in Mexico on 2 July. Yesterday, some labor organizations expressed the need to increase the number of representatives, because the CNR has set the maximum number at 12. During the dialogue in Spain, some small political parties protested because they had not been invited to the talks with the guerrillas. The truth is that they were right, because all the legally registered political parties should have been represented and because a broader presence would give better representation in the dialogue.

The case of the grass-roots sectors is the same. The guerrilla leaders must face an irrefutable reality: In Guatemala, political opportunities have been opened for all citizens. It is true that we have not advanced as quickly as we would wish. There are still large groups of citizens without representation who are unable to express their views on national problems.

Other sectors have been controlled and are not really free to express their opinions. Some sectors are still prevented from organizing themselves and expressing their opinion. Despite all this, the URNG leaders should realize that there is a real possibility of opening these spaces. If they fail to use these openings, it would mean complicity with sectors opposing the URNG.

It is very easy for anyone to ponder the country's problems from afar—but in a distorted way. When we see what each sector has contributed in this great effort to reconcile the Guatemalan family, it would be unfair to say that only the armed groups contributed to destroying the country's infrastructure and impoverishing the people who are the main victims of violence. We must accept the requests of popular sectors to expand the number of groups that will be represented in talks with the guerrillas.

Although the CNR lacks the resources, it has done a wonderful job in fostering the great national dialogue. We are sure that there are international human rights organizations willing to provide additional funds to make the dialogue between the URNG and popular sectors a step forward in the quest for peace and reconciliation in Guatemala.

Government's Denial of Death Squads Questioned

PA2806235390 Guatemala City EL GRAFICO in Spanish 26 Jun 90 p 8

["The Truth" column by Fuego: "There Are No Death Squads, Who Are the Murderers?"]

[Text] Government spokeswoman Claudia Arenas has recently told the news media about her concern over the upsurge in violence, but added there are no death squads in our country. For Guatemalans who are experiencing the worst feelings of insecurity for our families all over the country, it does not matter whether or not death squads are operating, killing at random men, women, children, the elderly, or leading attacks, robbing, raping, etc, etc.

What matters to us is that the security forces do their assigned duties, because watching so much ineptness in the security forces is unbelievable. While Guatemalans are murdered at point-blank range just about everywhere, the public forces are announcing the work of the the infamous Siproci [Civil Protection System], which harasses people as they are going to work or coming home. Meanwhile, people are being killed.

The government spokesmen often say that there are no death squads, but they cannot explain the reasons for this crime. Thus the question arises: Who is responsible for the random killings?

We do not want to be too harsh and say that the death squads are part of the security forces, because that would be risky, and there is no reliable evidence to prove it. But we ask: How is it that they act with so much impunity? Many people, hundreds of people, have been killed during the Christian Democratic Party government, and the murdered include politicians; this should have ensured an explanation into the murders. But, we are still waiting for the results that will never come. We have had massacres like the one at the El Aguacate village in San Andres Itzapa, Chimaltenango Department. The guerrillas were blamed, but they never claimed responsibility for it. An alleged perpetrator was presented with much fanfare, but later he disappeared from sight. Even the judge handling the case has not questioned him.

We could continue listing many other cases that have remained unsolved. This, however, is what causes doubts to emerge. Official sources claim there are no death squads, but the murderers cannot be found. Who, then, is responsible for the killing?

Once again international observers have us in their sight and they regard us as human rights violators, causing certain commercial restrictions and making us lose economic donations, because we are being fingered as a savage country. Despite government efforts to minimize this, the truth cannot be hidden.

We believe that it is necessary for the security forces to act with more responsibility, stop issuing unhelpful statements, and stop doing things that instead of reducing crime, hinder the daily work of honest citizens.

Honduras

Callejas Says Bush Proposal 'Significant'

PA2806234890 Panama City ACAN in Spanish 2312 GMT 28 Jun 90

[Text] Tegucigalpa, 28 Jun (ACAN-EFE)—Honduran President Rafael Callejas said he called U.S. President George Bush today to thank him for his "initiative for the Americas."

Callejas said at a news conference he told Bush that "his initiative is significant for the future of Latin America."

Bush said on 27 June in Washington that he favors the creation of a free trade zone in America, using a fund in the amount of $300 million, and writing off a percentage of the government debt of the countries.

To agree to these prerogatives, Bush urged the Latin American nations to implement drastic economic adjustment measures. "The Central Americans reached an agreement in keeping (with that demand) at the last economic summit held in Antigua (Guatemala)," Callejas stated.

Economy Minister Lauds Bush Proposal

PA2906003790 Panama City ACAN in Spanish 2152 GMT 28 Jun 90

[Text] Tegucigalpa, 28 Jun (ACAN - EFE)—The Honduran Government welcomed today the "iniative for the Americas" proposed by U.S. President George Bush as an alternative for cooperation that is more adequate than "gifts." "We do not want gifts but cooperation, including free access to the U.S. consumer market, which is the largest in the world," Economy and Commerce Minister Ramon Medina Luna stated. On 27 June, Bush announced some proposals for Latin America, including the partial cancellation of its foreign debt and free commerce treaties in exchange of promoting drastic internal adjustments. Medina Luna, the first official to comment on the subject, said "Bush's message needs to be carefully analyzed because of its profound and far-reaching implications."

However, the official noted that the possible U.S. aid in the fields of investment, commerce, and foreign debt "constitutes an alternative for cooperation that we prefer to gifts." "Mechanisms such as opening the U.S. market will boost national production, and we would like to have a similar opportunity in other parts of the world, like Europe, Medina Luna noted. Honduras is highly dependent on the United States, which provides approximately $200 million in financial and technical aid, in addition to consuming 70 percent of its yearly exports. In this respect, the official noted it is important that Washington lift its protectionist barriers to Latin American products in general and to Honduran products in particular. "The step taken by President Bush is on the

right course and gives continuity to the talks U.S. Secretary of State James Baker held with the Central American presidents at the economic summit meeting held in Antigua Guatemala," Medina Luna stated.

In business circles, the Bush initiative was received with a "pragmatic" spirit; members of this sector are aware of Honduras' difficulties in revitalizing its production apparatus and being competitive abroad.

'Regrettable Incident' Averted in Gulf of Fonseca

PA2806030890 Paris AFP in Spanish 0155 GMT 28 Jun 90

[Text] Tegucigalpa, 27 Jun (AFP)—The Armed Forces have reported that Salvadoran patrol boats on 27 June cornered a Honduran military boat in the Honduran waters of the Gulf of Fonseca—which the two countries share with Nicaragua—and were about to clash.

Army spokesmen said the Honduran boat made an emergency call to the Air Force to come and help them subdue the threatening Salvadoran boats.

However, the source added, talks between the chiefs of staff of the armed forces of the two countries prevented a "regrettable incident" among the patrol boats.

The information, first released as an unofficial report, was denied by Salvadoran Ambassador Salvador Triminio, who said there had been no incident in the Gulf of Fonseca, the delimitation of which is still pending. However, the Armed Forces later confirmed the incident, which had no regrettable consequences.

The source said that "Honduran soldiers have taken positions near the Gulf of Fonseca to prevent any foreign forces from violating our territorial waters and airspace."

Last week, the Salvadoran Government expressed discontent over the visit by a Honduran Congress commission to the Gulf of Fonseca and said that this visit "does not help the regional peace process."

The Honduran deputies said Salvadoran patrol boats are patrolling the Meanguera and Meanguerita Islands, still being disputed by the two countries.

President Rafael Callejas said the presence of the deputies in areas of the Gulf where Honduran authorities are in charge of the vigilance, "was an act of sovereignty" by Honduras.

El Salvador Asked To Avoid Confrontations

PA2806195090 Panama City ACAN in Spanish 1855 GMT 28 Jun 90

[Text] Tegucigalpa, 28 Jun (ACAN-EFE)—Honduran Foreign Minister Mario Carias today asked El Salvador to "avoid unnecessary confrontations" as the one on 26 June between naval patrols of the two countries at the Gulf of Fonseca, Pacific Ocean.

The high-ranking official confirmed that "on 26 June a Honduran patrol vessel was surrounded by Salvadoran vessels at the Gulf of Fonseca and received the protection that was warranted by the situation."

Carias regretted the incident and justified military surveillance by the two countries, but "in areas where they should be doing so."

The Gulf of Fonseca, to which Nicaragua, Honduras, and El Salvador have access, is one of the region's tension points that persists because of political and territorial differences.

Honduras and El Salvador are disputing sovereignty over a number of islands in a border conflict that is being resolved at the International Court of Justice at the Hague.

"The gulf needs to be delimited for us to enforce our sovereignty," Carias said.

The diplomat said that the 26 June incident was not denounced by Honduras at the international court, but confirmed that it would be included in a chapter of the Honduran legal arguments that it will submit to the world's top court of justice.

Carias pointed out that the recent presence at the gulf of Argentine navy troops under the supervision of the UN Observers in Central America (ONUCA) will help ease tension in the area.

Callejas on Reductions in Central American Armies

PA2806140690 Hamburg DPA in Spanish 0020 GMT 27 Jun 90

[Text] Tegucigalpa, 27 Jun (DPA)—The Central American armies cannot be reduced in the short term because it is necessary to first solve the political and security problems of the region, especially in El Salvador, Honduran President Rafael Leonardo Callejas said this afternoon.

In an exclusive interview with DPA, Callejas said today that there are no options to secure a reduction of the military corps and that the decision must be reached by a consensus of the five countries. He said that the Salvadoran authorities have said that they cannot negotiate this topic at this time.

The Honduran president said that Nicaragua's unilateral actions to reduce its military forces by 40 percent in two years and to reduce its defense budget by 10 percent are decisions made at the domestic policy level. These decisions are not tied to achieving a reduction of military troops or military equipment at the regional level.

Regarding Honduras, he said that "he cannot conceive of a democratic Honduras without an army in the short, medium, or long term" and that the Armed Forces are needed to serve the community.

In the interview with DPA, Callejas said that his administration will not take any steps to abolish the Armed Forces.

The topic of the reduction of the military forces in the region was broached at the presidential summit in Antigua, Guatemala, which was held from 15 to 18 June. A resolution was reached for technical groups to meet in San Jose, Costa Rica, to discuss the topic.

Nicaragua

Bank Terms Bush Proposal 'Excellent Opportunity'

PA2806222490 Panama City ACAN in Spanish 2112 GMT 28 Jun 90

[Text] Managua, 28 Jun (ACAN-EFE)—Francisco Mayorga, president of the Central Bank of Nicaragua, has said that the proposal made by U.S. President George Bush to create a free trade zone in the entire hemisphere is an "excellent opportunity."

Bush said in Washington yesterday that he supports the creation of a free trade zone in Latin America, and he announced a plan to reduce the foreign debt of these countries.

Mayorga said "the free trade zone means that Latin America will have access to U.S. markets without taxes, and Central America will have access to Latin American markets."

The Central Bank president said "this is an excellent opportunity," but he added that "these things cannot be created overnight."

Mayorga talked about the "opportunities that will be given to countries that are in the process of implementing economic reform programs, and this includes Nicaragua, which has already implemented a stabilization plan aimed at promoting a new currency (gold cordoba), equivalent to the dollar, and improving the economy."

Former Nicarguan president Daniel Ortega has also described the speech by U.S. President Bush as "demagogic and devoid of good will toward Latin America." According to the opposition leader and top Sandinist official, the United States has given Latin American "the short end of the stick" as far as commerce is concerned and "we do not foresee a willingness to change on the part of the U.S. Administration." "They (the United States) can have a market for their products in Central America, but we have no possibilities for economic and social development," Ortega told ACAN-EFE. He said that for Washington to quit giving Latin America "the short end of the stick," it must change the international economic order, because as long as the topic is not analyzed, "we will only be patching up an explosive situation in Latin America." "We have seen," Ortega noted "all the work it took to get $400 million for Panama and $300 million for Nicaragua, when it should have given $4 billion to Panama, for the armed intervention in that country, and at least $1 billion to Nicaragua." "They are wiping their hands clean of the structural problems the Latin American people are grappling with because of their lack of access to the world economy."

Reportage Discusses Threatened Nationwide Strike

Employee Dismissals Cited as Reason

PA2906034590 Managua Radio Sandino in Spanish 0029 GMT 29 Jun 90

[Text] Jose Angel Bermudez, secretary general of the National Union of Employees [UNE] announced today that the public employees might stage a nationwide strike on 2 July if the government does not comply with the agreements that have been signed.

The union leader said that the communique issued yesterday by the Labor Ministry to the effect that the government does not dismiss government workers is a farce. Jose Angel Bermudez added that ever since the agreements with the government were signed on 16 May, over 700 public employees have been fired.

[Begin recording] [Bermudez] [Words indistinct] the situation prevailing in the industries, but that this government is promoting unemployment in the central government. In May, 32 workers had been dismissed. Yesterday, Construction and Transportation Minister Jaime Ibalceta closed two offices and dismissed 61 more employees. To date, a total of 732 workers have been dismissed by this government.

This is a flagrant violation of what this government agreed to and signed on 16 May. No workers have been reinstated, and the dismissals continue. There are mass dismissals. We are not referring to an official who has a key position, but to mass dismissals, which is what this government is doing.

For example, 439 persons have been fired from the Republic's Presidency; 101 workers have been dismissed by the Foreign Ministry. The UNE is protesting this situation, and it is struggling for full and absolute respect, which is what this government promised.

Unfortunately, the Labor Ministry issued a communique yesterday that is full of lies, and we feel we must reply to it. The communique said that the government does not have a policy of dismissing people, yet what about those mass dismissals? What about them? This is what the workers want to know.

Our leadership decided yesterday to support the nationwide strike so that this government will respect the workers' rights.

[Reporter] What deadline are you giving the government for this nationwide strike?

[Bermudez] Right now the UNE is holding general assemblies with all of its unions; they are explaining the situation to the workers, what the main demands of the UNE are, and what the situation of the dismissed workers is.

Some of our affiliates who were dismissed are at the Pedro Joaquin Chamorro Plaza. They have taken over the plaza and will not move until the government solves their problems. We are preparing everything so that on 2 July, we will begin the strike. [end recording]

Teachers Might Join Strike

PA2906032390 Managua Radio Sandino in Spanish 0027 GMT 29 Jun 90

[Text] Guillermo Martinez, secretary general of the National Association of Nicaraguan Teachers [Anden], has announced that the teachers throughout the country might join a nationwide strike on a staggered basis. The teachers' leader said that their group is in constant contact with the National Workers Front [FNT], which has also threatened to join a natiowide strike on 2 July if the government does not comply with signed agreements.

Guillermo Martinez added that the government continues to threaten the teacher's job stability, is not complying with the agreement signed by Anden and the Education Ministry, has not paid several past debts, and continues exerting pressure and resorting to blackmail against the teachers who are members of the union leadership.

Martinez explained that the teachers will decide whether to join the strike, and that Anden supports the struggle of the FNT.

Godoy Comments on Strike

PA2906025090 Managua Radio Sandino in Spanish 0008 GMT 29 Jun 90

[Text] Vice President Virgilio Godoy has said that the strike threatening the country is the result of the kupia kumis [Miskito word meaning close relationship] between Sandinists and the people around President Violeta Barrios. Godoy termed the economic policies promoted by Central Bank President Dr. Francisco Mayorga as very harsh.

[Begin recording] [Godoy] You should talk to the people who are involved in the kupia kumis because this is the response to the famous protocols that were signed, the secret ones and those that we know about. I believe this is one more attempt by the old regime, now expelled from the government, to destabilize the current government. While the people involved in the kupia kumis are demanding that Mr. Lacayo and Alfredo Cesar honor the commitments and protocols, they are doing all they can to oust the Violeta Chamorro's government.

[Reporter] What is your opinion of the economic measures the government is promoting through Central Bank President Dr. Francisco Mayorga?

[Godoy] As they themselves have said, and as the economy minister reiterated last night, the measures, which are very harsh, are obviously having a strong impact on the economy. As it has been announced, the measures have helped to curb the inflation process. If this is so, we hope that there will be no more measures of this nature once inflation is under control. [end recording]

Godoy also talked about his duties.

[Begin recording] [Godoy] I have two types of duties. Some of them are established by the law and by treaties, others by the Constitution. Regarding the constitutional duties, my job is to stand in for the president during any absence. In addition, I must perform duties as entrusted by the president. There are other duties—for example, those established in the charter document of the Central American Parliament. According to this document, vice presidents in the region must take care of all matters concerning economic integration and establishing the Central American parliament. This is a lot of work.

[Reporter] It seems, however, that the president's advisers have greater responsibilities or are higher in rank than the vice president.

[Godoy] That does not concern me much because if the president's advisers want to assume other duties, the Nicaraguan people will notice this.

[Reporter] Do you think this affects the current government's performance?

[Godoy] I think it could affect it in several ways. If they succeed, they will be applauded, but if they continue on the wrong path as they are, they will be reprimanded.

Contra Commander Says All Redeyes Surrendered

PA2806171090 Managua Radio Sandino in Spanish 1200 GMT 28 Jun 90

[Text] Former contra Chief of Staff Oscar Sobalvarro, alias Commander Ruben, has confirmed that the war has ended and that as of 27 June the contras will return to civilian life.

Like his chief, Franklin, he confirmed that they do not have any more weapons. He said that all weapons were surrendered or destroyed before the demobilization and disarmament process ended.

He said that the U.S. Government had given them 112 Redeye missiles. Some of these were surrendered in Honduras, and the others were turned over in Nicaragua to the ONUCA [UN Observer Group in Central America] forces.

He said that the contras hope that about 6,000 families will integrate into the development centers in the first stage.

Panama

Reportage on Bush's Free Trade Initiative

Endara Endorses Proposal

PA2806192390 Panama City ACAN in Spanish 1748 GMT 28 Jun 90

[Text] Colon, Panama, 28 Jun (ACAN-EFE)—Panamanian President Guillermo Endara said in Colon today that he endorses the free trade initiative for the hemisphere proposed by U.S. President George Bush. Endara, however, asked for "much prudence" regarding the proposal.

Endara told ACAN-EFE he thinks the free trade proposal "is a great step forward. It is exactly what is happening in other areas of the world where commercial barriers are being torn down. We have to do something similar."

The Panamanian president, who visited Colon today to hear about the economic and social problems in this province, cautioned that although Bush's proposal is a step in the right direction, it should be considered "carefully and in detail."

Yesterday Bush invited Latin America to turn the hemisphere into a free trade zone and announced a plan to cut the foreign debt of countries willing to adopt severe economic adjustment programs.

Further on Endara's Statements

PA2906030190 Paris AFP in Spanish 0201 GMT 29 Jun 90

[Text] Panama City, 28 Jun (AFP)—The Panamanian Government has described the economic plan for Latin America introduced by U.S. President George Bush as an "appropriate step in the right direction."

Panamanian President Guillermo Endara said today in Colon Province, located some 80 km northeast of Panama City, that the free trade proposal made by Bush "is a very good one in this modern world where trade barriers are being torn down."

In Colon—where the largest free zone in the Americas operates—Endara was harshly criticized by province leaders, who said that the government has not shown them much support.

As for Bush's proposal to write off part of the Latin American foreign debt with the United States, Endara said this "is a generous position for the U.S. Government."

"Bush knows that our problems lie in the debts we have contracted. In the case of Panama, the dictatorship left us a debt of $6 billion, which is a great burden for us," he added.

Endara took office following the U.S. invasion of Panama on 20 December 1989, which led to the overthrow of General Manuel Antonio Noriega, currently in a U.S. prison.

Linares Hails Free Trade Idea

PA2906002390 Hamburg DPA in Spanish 2247 GMT 28 Jun 90

[Text] Panama City, 28 Jun (DPA)—The Panamanian Government, through Foreign Minister Julio Linares has described the "initiative for the Americas" proposed yesterday by U.S. President George Bush as the "most important plan in economic matters ever proposed by a president of that country so far this century."

The Panamanian foreign minister said that the contents of the proposal made by Bush—free trade, writing off the debt, and the aid fund to promote privatization—"are fundamental for Latin America."

Linares said the development of our peoples should not depend on the aid they may receive from the United States or other world powers, but on the promotion of development and to achieve it, Latin America must break the "archaic molds that have not been discarded, such as protectionist policies that many times, he added, have only served to keep many businesses flourishing at the expense of the people," because they cannot survive by themselves.

Ricardo Aleman, president of the Panama Chamber of Commerce, has said that President George Bush's plan has brought enthusiasm to his association because it has always "favored the idea of opening markets as an economic policy."

The new U.S. policy is an appropriate one because there must be an end to economic aid given to Latin American governments and frequently lost. There should be, instead, an opening of markets and a promotion of private enterprise," Aleman said.

The integration of Latin America as a free trade zone would not adversely affect the Panamanian Colon Free Zone on the Caribbean coast, which trades nearly $5 billion per year, the business leader said.

Panama has a privileged position compared to other countries, and we can benefit the most from Bush's initiative, Ricardo Aleman said.

Editorial Praises Proposal

PA2806204290 Panama City CRITICA LIBRE in Spanish 28 Jun 90 p 4

[Editorial: "A Government That Has To Rise to the Occasion"]

[Text] Since President Franklin Delano Roosevelt announced his Good Neighbor policy and President John F. Kennedy announced his Alliance for Progress, the United States has not undertaken any more important initiative for Latin America as the one announced on 27 June by President George Bush. In a meeting in which Latin American ambassadors and diplomats were present, he proposed a free trade zone which would encompass the entire American continent, from Alaska to the southern tip of Argentina and Chile. The United States also offered to substantially reduce Latin America's debt to U.S. Government institutions. This debt currently amounts to approximately $12 billion.

The modern world moves at dizzying speed. The EC countries have already agreed that in 1992 they will become a single economic entity. The communist countries of East Europe have been disintegrating one by one, and there are now governments in East Germany, Czechoslovakia, Romania, Hungary, Poland, and to a lesser degree in Albania and Bulgaria, that openly reject totalitarianism. Even the Soviet Union has been shaken by important economic changes and a desperate search for real freedom.

Latin America is burdened by huge economic problems. The standard of living dropped dramatically in the past 10 years. We all know that unemployment, malnutrition, inadequate education, increasing crime, drug trafficking, and violence have created a desperate situation in almost all our countries.

We Panamanians are facing extremely serious times. The drug trafficking tyranny nearly destroyed the country. We have never had such serious problems. This is why it is urgent that President Endara's government view with immediate attention and priority President Bush's plan to make all America a free trade zone and to reduce part of the terrible debt that the drug tyranny left us. In reality, Panama is in a privileged situation because of its geographic position, its canal, and its use of the dollar as currency. The time has come for our government to rise to the occasion, quickly responding with specific and realistic plans to the U.S. initiative. Guillermo Endara has a unique opportunity in our history as a Republic. We hope he will act with dynamism and determination.

Linares on Filing Suit on Noriega's Assets

PA2806151990 Panama City Circuito RPC Television in Spanish 2300 GMT 27 Jun 90

[Text] Late this afternoon, a group of U.S. lawyers headed by Gregory Craig left the Attorney General's Office after meeting there for several hours with Eduardo Vallarino, Panamanian ambassador to the United States. They discussed the suit filed against Panamanian former general Manuel Antonio Noriega, who is in the United States. On their way out, Eduardo Vallarino was questioned by the local media.

[Begin recording] [Reporter] What were you discussing in that office?

[Vallarino] Justice, but the only person that can comment is Panamanian Foreign Minister Julio Linares.

[Reporter] What do you mean by justice?

[Vallarino] I am sorry, but I cannot say.

[Reporter] Against whom or on whose behalf?

[Vallarino] Justice for the people of Panama. But I am not at liberty to say anything more.

[Reporter] Why is there so much secrecy regarding this report that was made public weeks ago?

[Vallarino] As the foreign minister said yesterday, this is a delicate matter and making any statemnt would be harmful to Panama's interests. That is why the responsible thing to do is refrain from commenting. [end recording]

The foreign minister had this to say on the matter:

[Begin Linares recording] This morning we held a meeting at the Presidency. Attending the meeting were: officials from the Attorney General's Office; magistrates from the Directorate of Recovery of State Property [DRP]; one of the Presidency's legal advisers; Jose Raul Mulino, future deputy foreign minister; Ambassador Vallarino; Gregory Craig, an attorney from the Williams and Connolly law firm that had made some inquiries at a Miami court; and myself on behalf of the Foreign Ministry.

The objective of the meeting was to continue studying the means the Panamanian state can use so that the funds of Gen. Noriega that might be frozen by the United States can be frozen by the Panamanian Government. That way, the funds will not be misspent and will be returned to our country. That is what we are discussing. I cannot tell you any more about the sort of actions we will take because that is confidential.

[Reporter] Is the lawsuit for over $5 billion?

[Linares] We are studying all that. The lawyer of the Panamanian Embassy in Washington is at the Attorney General's Office conducting the appropriate studies based on the files that office is preparing against Gen. Noriega. Later we will conduct the same study at the DRP. [end recording]

FDP Officers Escape Via Costa Rican Border

PA2806133690 Hamburg DPA in Spanish 2040 GMT 27 Jun 90

[Text] Panama City, 27 Jun (DPA)—The brothers Alberto and Lorenzo Purcell, colonels of the defunct Panama Defense Forces [FDP] under General Manuel Antonio Noriega, have fled the country through the Costa Rican border, apparently with the assistance of

Panamanian migration officials. This was reported by Emilio De Leon, prosecutor of the first district court in Chiriqui Province.

Alberto Purcell, deputy chief of staff and the third most important man in the former FDP, has been charged with being an accomplice in crime and with having participated in the 1984 and 1989 electoral frauds. His brother, Lorenezo Purcell—who was chief of the Panamanian Air Force up until 1988 when he retired—has been charged with misappropriation of state funds.

Former Col. Alberto Purcell was arrested by the U.S. troops that invaded Panama last December, and he was imprisoned at the Modelo Jail until recently when the Supreme Court of Justice ruled on a writ of habeas corpus that allowed him to be released temporarily.

The prosecutor of the first district court in Chiriqui told a local radio station that the Purcell brothers had escaped to Costa Rica in an Alfa Romeo car, which had a Costa Rican license plate, number 2980, and was driven by Costa Rican Hector Enriquez Rodriguez.

The prosecutor regretted that individuals loyal to the former Noriega regime are still employed in key positions at the Migration Department at Paso Canoas. He added that an investigation is under way to determine the possible responsibilities of the chief of migration and four other officials who were on duty the day the former Noriega followers fled.

Some time ago, former Panama City Mayor Jilma Noriega de Jurado was found while trying to cross the Costa Rican border. She was stopped by Panamanian authorities who sent her to Panama City where she is on trial for mismanagement of public funds.

Argentina

Economy Minister Comments on U.S. Initiative

PY2806154090 Buenos Aires DYN in Spanish 0038 GMT 28 Jun 90

[Text] Buenos Aires, 27 Jun (DYN)—Economy Minister Antonio Erman Gonzalez today stated that President George Bush's initiative to create an American Trade Market "is not to be implemented on an immediate basis."

"We think this idea seeks integration beyond Latin America, one that will embrace the whole continent," the minister said. He added, however, that "we are now taking the first steps toward this integration," because President Bush's initiative is to be implemented "on a medium and long-term basis."

The so-called "initiative for the Americas," prepared by Treasury Secretary Nicholas Brady and announced today by Bush, is based on three "pillars": regional trade, investment, and the foreign debt treatment.

The first, referring to trade, also has three elements: a multilateral free trade agreement as a long-term objective; bilateral agreements as intermediate steps toward that objective; and assistance to Latin American countries to try solve their problems within the Uruguay round of GATT talks.

"The most effective way to promote a long-term increase in trade in Latin America and the Caribbean as well as to integrate these nations within the overall system, is to sucessfully carry out the Uruguay round," the proposal states. It adds that, in the interests of Latin American countries, the U.S. Congress will be asked to authorize a reduction of some trade tariffs.

The second pillar comprises a program "on several fronts" for the development of investments that will provide "possibly together with the World Bank, technical assistance and financial support to projects for privatization and for the liberalization of investment systems."

At the same time, a multilateral investment fund will reportedly be created to promote reforms. The fund will have annual credits of up to $300 million to finance privatization projects of public enterprises, personnel training programs, and the development of human resources.

Finally, support will be granted for the reduction of the foreign debt "to promote investment and a more flexible basis for the economic growth of the hemisphere."

Resources from the Inter-American Development Bank will be channeled to help pay the debt service. These resources will be available in accordance with the efforts made to carry out economic reforms.

Moreover, bills will be submitted to the U.S. Congress for a substantial reduction and restructuring of loans granted to regional countries that "are having serious difficulty paying their services."

This law will benefit countries that adopt strong economic programs with the support of the IMF and the World Bank, and which pay their debts to commercial banks. In these cases, payments of debt interest with local currency will be accepted. This money will be deposited in trust for the implementation of projects to protect the environment as agreed upon by the governments.

Preview of Economic Measures To Be Announced

PY2806224490 Buenos Aires NOTICIAS ARGENTINAS in Spanish 0115 GMT 26 Jun 90

[Text] Buenos Aires, 26 Jun (NA)—Economy Minister Antonio Erman Gonzalez has said that he will announce the new economic measures on 30 June in La Rioja, where he will be accompanying President Carlos Menem.

On 25 June, upon returning from Caracas, Venezuela, Minister Gonzalez said that the measures would be announced tomorrow. Tonight, however, after presiding over a lengthy meeting with the economic team and attending another long meeting with President Menem, he decided to postpone the announcement until this Saturday.

After stating that the measures will be announced during a news conference in La Rioja, Gonzalez reiterated during a chat with NOTICIAS ARGENTINAS that "they are not spectacular measures but rather a series of steps designed to tighten even more" the adjustment process that is currently under way.

A high-level Finance Ministry source has stated that the economy minister "is still not ready to announce the deregulation of fuel prices." The source made this statement at the end of the economic team's four-hour meeting at the Finance Ministry building to coordinate the final details of the measures.

Gonzalez left the meeting to attend a ceremony at Government House during which the construction of 10,000 km of highways was awarded. After the ceremony Gonzalez went to President Menem's office for a lengthy meeting in which Gonzalez detailed the measures and their effects for President Menem.

The measures discussed by the economic team today, which will be announced this Saturday in La Rioja, will be contained in 14 resolutions, including:

- A greater economic opening will be promoted and the requirement for a sworn declaration on the need to import [declaracion jurada de necesidad de importacion] will be eliminated.

- Specific duties will be reduced by 40 percent. The maximum duty to be charged will be 50 percent over the value of the product in its country of origin.
- The shortening of the deadline—currently established for the end of the year—for the deregulation of fuel prices will be announced; the measure could be implemented within the next 60 days.
- Price controls on medicines sold in drugstores will be lifted.
- A new dollar investment plan will be implemented.
- Bank reserves on saving accounts will be reduced and the schedule for the release of funds in australes will be announced.
- Withholdings on regional exports will be reduced to approximately five percent.
- The implementation of monthly budgets for public enterprise expenditures, purchases, salaries, and tariffs will be announced. Trustees will be responsible for their implementation.
- Amendments to the Competitiveness Defense Law, through which monopolies can be penalized by up to 700 billion australes, will be submitted to Congress.
- A new system of proceedings to punish tax evasion will also be submitted to Congress. According to the new system, collateral equal to the sum which prompted the legal action will be necessary to appeal any Tax Court decision.

Governors Offer Mixed Support

PY2806192290 Buenos Aires BUENOS AIRES HERALD in English 28 Jun 90 p 3

[Text] (NA-DYN)—Justicialist Governors met with Economy Minister Antonio Erman Gonzalez in the capital yesterday afternoon and pledged their categoric support for the government's economic policies.

But mingled with this praise for the government were thinly-veiled hints of dissent from the assembled governors who handed Gonzalez a petition containing a formal request for an emergency credit-line of 570 billion australs to compensate for the abrupt fall in federal revenue-sharing funds.

Gonzalez countered by saying that the government had already sent provincial governments 150 billion australs and that depending on the levels of tax revenue, new payments would be administered.

The petition handed to Gonzalez also included a request to exempt normal state funds destined for the provincial governments from the National Economic Emergency Law, which is expected to be extended next Saturday by around six months.

The Governors had met for three hours earlier in the morning to thrash out a joint statement expressing their response to the economic developments of of the January-May period.

In the statement they said that the provinces had achieved an adjustment of their fiscal accounts in 1989 despite a seven percent fall in revenue over 1988.

The Governors estimated that federal revenue-sharing funds had fallen by 65 percent and national housing funds by 35 percent.

The Governors also called upon state enterprises to fulfill their tax obligations towards provincial governments and requested the payment of natural gas royalties.

Entre Rios Governor Jorge Busti claimed that the state sector owed the provinces almost three billion australs in unpaid federal revenuesharing taxes.

The most important decision taken at the meeting was to create a commission of national and provincial official to correct the repeated failures of the national government's system of distribution and transferral of funds.

Chubut Governor Nestor Perl stated that if the Economy Ministry was to ignore their pleas they might turn to President Menem.

Trade Prospects With Soviet Union Detailed

PY2906024090 Buenos Aires TELAM in Spanish 1426 GMT 28 Jun 90

[Text] Buenos Aires, 28 Jun (TELAM)—A total of 60 Argentine companies have already established links with Soviet enterprises in an attempt to take advantage of the important economic changes that are taking place in that market of 300 million inhabitants. This was stated by Pavel Boyko, a member of the Latin American Institute of the Soviet Academy of Sciences, who is heading a group of Soviet businessmen who want to strengthen economic relations with their Argentine colleagues.

Boyko believes that this bilateral exchange, which "has no precedent" in the history of the two countries, will take new paths in the future within the framework of the reforms that have been ordered by Mikhail Gorbachev.

Among the 60 companies of the joint ventures [two preceding words in English] (mixed) that exist in the Soviet Union, there is already an Argentine-Soviet firm that uses Argentine technology to manufacture gymnasium equipment that in the near future will be exported to West Europe. "The profits will enter our country in dollars," Boyko said.

The agricultural sector also has possibilities. Companies that manufacture machinery for the dairy sector or for citrus processing have a future in the Soviet market. These companies can export to the Soviet Union and receive in exchange stainless steel, which will allow Argentine firms to manufacture various types of equipment.

Soviet technology in artificial irrigation and the drying of swamps could be used in Argentina in exchange for

agricultural produce, which for two decades has been Argentina's main line of exports. . .

Seeking to strengthen this bilateral trade, the Soviet Embassy in our country and the Mediterranean Foundation are organizing a trip for businessmen who will participate in the first meeting of Argentine and Soviet businessmen, which will take place in August 1990.

Lebanese President Requests Menem's Support

PY2806233290 Buenos Aires DYN in Spanish 0028 GMT 28 Jun 90

[Text] Buenos Aires, 27 Jun (DYN)—Ilyas al-Hirawi, president of the Republic of Lebanon, has asked Argentine President Carlos Menem to find mechanisms to obtain international support "that may contribute to the reestablishment of security and prosperity in Lebanon."

Al-Hirawi, who used the word "brother" to address Menem, sent his request to the Argentine president through Argentine Ambassador in Beirut Guillermo de la Plaza. Ambassador de la Plaza met with Menem at Government House tonight for more than 30 minutes and handed the president a document written in Arabic and a version that had been translated into Spanish.

In his letter to Menem, the Lebanese president praised "the courage of your ambassador, Guillermo de la Plaza, who remained with us in Lebanon for two years during the hardest times of the war, never leaving the country. He deserves the deepest thanks of the entire Lebanese people, which are also extended to the Argentine people, who are characteristically noble and courageous."

Al-Hirawi also expressed his wish to strengthen relations between Argentina and the Arab world, and Lebanon in particular, "because our nations are bound by friendship and exceptionally good ties, which your excellency represents so well."

* Privatization of State Oil Fields Advocated

90SM0138B Buenos Aires LA PRENSA in Spanish 21 May 90 p 7

[Report by Luis A. Rey]

[Text] In October 1989 I published an article on the sale of Government Oil Deposits (YPF) to private capital. The article sparked a debate which, irrespective of the results, will help shed some light, debunk old myths, and break up vested interests that are defending the now outdated statist policy of the petroleum sector.

The recent decrees, 1055/89, 1212/89, and 1589/89, along with Law 17,319, provide the legislative framework for the total deregulation and demonopolization of exploration, production, refining, and marketing in the petroleum sector.

If the new legislation is enforced properly, as of 1 January 1991, the oil-producing companies, be they state or private, will have full control over the oil they produce. They may sell it on the domestic market, or export it at international prices. In addition, the refining companies may buy the oil they use on the domestic market, or they may import it at international prices. In both cases, import and export transactions will be free of any taxes or withholding.

YPF will have to act like any other oil company competing with its private counterparts, rather than serving as a control. Domestic fuel prices will also have to compete freely with international prices with whatever taxes the government determines should be added to them.

Advantages and Disadvantages

What, then, are the advantages and disadvantages of privatizing YPF? The debate should be undertaken without ideology or preconceived notions. I don't think the state enterprise is inefficient by definition, and if it had no privileges and ran the risk of going bankrupt it would behave on the market just as a private firm would.

If we had an efficient YPF and its stockholders had the investment capacity to capitalize on it, and give it the financial means to develop in this country and abroad, it would act like the state enterprises of France, Germany, or Italy. There the state sets policy, and serves to police and guide the industry. It obtains and regulates its share of petroleum revenues through royalties, direct taxes on the yields of private and state companies, and dividends that it receives as a shareholder in state enterprises.

YPF is not efficient today, however. It has 35,000 employees (without counting the thousands of independent contractors) with a productivity level of approximately 2 equivalent tons of oil per person-day (TEP/PD). A study of 40 international oil companies that adjusts for differences in productivity per well and geographic disparities gives an average of 8 to 10 TEP/PD, that is, 4 or 5 times greater. This means that to operate at international standards, YPF would have to produce, transport, refine, and market the same volumes of hydrocarbons with 10,000 employees instead of 35,000.

Great Hidden Costs

It is argued that salaries account for just 8 percent of the YPF budget, so having a payroll of 10,000 instead of 35,000 would reduce operating costs by a mere 5 percent. It so happens, however, that these 25,000 workers are not idle; in other words, they read and write reports and files, they use electricity, telephones, paper, coffee, desks, some of them have their own secretaries, vehicles, etc. The resulting inefficiency of the system makes for great hidden costs.

The political ups and downs of the last 20 years meant 40 changes in the president and board of directors, and the low pay scales in the upper echelons led to the decimation of management and technical payrolls. Now only a

handful of capable officials, veritable civilian heroes, remain there out of a patriotic sense of sacrifice, withstanding budget cuts, blows dealt by the unions, and job offers coming from growing private industry.

YPF now administers 67 percent of the country's oil reserves, 240 million cubic meters, and 80 percent of its gas reserves, 544 billion cubic meters, the economic equivalent of 330 million cubic meters of petroleum. Thus, it manages a total of 570 million cubic meters of petroleum reserves in equivalent economic terms.

Can YPF Do It?

In round figures, YPF must produce these reserves in the next 20 years, requiring an investment of $20 billion. This money must come from its own funds and from bank loans.

Can YPF do it? I will quote what Gen Peron wrote in his book "Force Is the Right of Beasts" in 1956: "This is the question that must be answered before making optimistic calculations. I think YPF has neither the organizational capacity, nor the technical capacity, nor the financial capacity for an effort of this nature. YPF's production costs are absolutely uneconomical. Turning this into a matter of pride is dangerous and stupid."

I think the government agrees with this assessment, and that is why it has proposed the sale of reserves in marginal areas that produce less than 200 cubic meters of petroleum per day. This may amount to a total of about 10 million cubic meters of reserves. It also plans to have YPF enter into partnerships with private firms in key areas (those of greatest production) so that they can supply capital and technology.

The continuation of the exploration policy launched with the Houston Plan, which has already resulted in 67 prospecting contracts involving 31 international and 14 Argentine oil companies, will mean that in the future prospecting will be carried out primarily by the private sector. The state will not be in a position to invest risk capital in exploration for many years, as such capital is lost completely when prospecting yields nothing. If it had the investment capacity, it would be a shame to spend it on oil exploration when there is plenty of private capital for that, and the government does not have the money to provide the housing, education, health, security, and basic rights that it owes to the impoverished majority of Argentines.

Probable Future

Given these considerations, it is possible that in 20 years a smaller YPF could account for ten percent of the Argentine oil sector. The rest of the market would be divided among 50 or 60 national and foreign private firms, perhaps none with a share of more than 15 percent with domestic prices at competitive international levels.

The Secretariat of Energy would have a technical administrative structure of perhaps 200 people to handle policy-making, regulation, and enforcement, while the state would regulate its share of oil revenues through royalties, direct fuel taxes, taxes on yields, and maybe taxes on YPF dividends if it has been restructured and reorganized by then.

But does the country have time to wait for this process? The 570 million cubic meters of equivalent petroleum reserves could be sold for about $15 billion, and that plus YPF's refineries, pipelines, and processing plants would make a total sales price of $21 billion.

Selling Piecemeal

Selling off YPF holdings piecemeal, by segments or sectors, would maximize the results judging by the experience of similar transactions in the rest of the world. That would also lead to greater competitive openness on the market with the participation of 40 or 50 national and international firms or consortia that would purchase the reserves and fixed assets. In addition, they would have to invest the extra $20 billion needed to exploit these reserves, accelerating the productive process and turning the country into a major oil exporter.

This sale would have no social cost, as YPF personnel would soon be absorbed by the greatly expanding industry. In the interim, proceeds from this huge sale could make possible the allocation of, say, $300 million to continue paying people's salaries until they find employment.

In the last ten years, sales of oil reserves and companies throughout the world amounted to more than $260 billion, so the magnitude of the YPF sale is compatible with trends in the international industry. In most cases, the sellers hired specialized firms or brokers to do the bidding, making for greater openness and credibility during the sales process.

To ensure that the funds thus obtained do not get poured into the budget deficit and are used for specific programs for housing, education, schools, health, social security, etc., that is, to solve the pressing problems of millions of needy citizens, a special escrow account should be set up. Such an account might be controlled by the World Bank, which could even advance funds to that account using the reserves as collateral once the legal provisions had made the sale process irrevocable, in order to implement the funded programs immediately.

Exciting Possibilities

As just one example of what the infusion of these funds would mean to the economy, it is estimated that Argentina has a housing shortage of 2.5 million units. With the $20 billion it would receive, the state could build 2,857,000 homes at the price of $7,000 each estimated by the National Housing Fund. This would put a decent roof over the heads of 14,285,000 people, assuming an average family size of five.

Alternatively, at $25,000 per hospital bed, 4,000 hospitals could be built with a total of 800,000 beds; or schools could be built, at $300,000 each, with the capacity to instruct 16 million students in double sessions; or 100,000 kilometers of paved roads could be built, at $200,000 per kilometer.

In addition to solving serious structural problems that affect 15 million Argentines, these combined construction projects would solve the serious crisis in the construction industry, which is labor-intensive and has a major multiplier effect. Thus, one million jobs would be created, and the entire national economy would receive a spectacular boost.

No other privatization program offers such a dramatic change in the country's economic situation. Nor will any other be subject to as severe an attack by the trade union bureaucracy. It will not be applauded by the 33 million YPF shareholders who would look upon this as the sale of the crown jewels, a false symbol of sovereignty. Yet no other program would be able to meet the basic needs of the people or promote our economic development.

Bolivia

Ministers Deny Pressure in Drug Suspect Release

PY2906020690 La Paz Radio Fides in Spanish 2330 GMT 28 Jun 90

[Text] The Bolivian Government has denied having been pressured by U.S. Ambassador to Bolivia Robert Gelbard to release six U.S. citizens who were on board a plane in which drugs were found. This was reported by Interior Minister Guillermo Capobianco and Foreign Minister Carlos Iturralde, who are currently delivering a report on this incident to the Chamber of Deputies.

The executive branch, in this case the interior and foreign ministers, are giving firsthand information to Congress on the operation in which a Lear jet was confiscated and its four passengers and two pilots detained and then released. The following is a report from Congress on the ministers' explanations of the (?procedures). [passage indistinct, including indistinct recording]

Thus, Ministers Capobianco and Iturralde have categorically denied that the U.S. Embassy exerted pressure to obtain the release of the six U.S. citizens who were allegedly involved in drug trafficking.

President Comments on Cabinet, Possible Changes

PY2806203090 La Paz La Red Panamericana in Spanish 1130 GMT 28 Jun 90

[Text] President Jaime Paz Zamora indicated on 27 June that there might be some changes made in his Cabinet. He stated, however, that he is very happy with his ministers, as they have demonstrated efficiency and capability. Even more important, he said, the ministers do not fight among themselves.

The chief of state indicated that in the future the president might see that it is necessary to make some changes. He stated that some changes being made would not necessarily mean that there is a Cabinet crisis. Such changes would be made to reorientate and to improve the performance of the executive branch.

The president also expressed his concern over Congress' delay in considering laws that are important for the country. It is his opinion that the Chamber of Deputies should approve the Investment Law first, along with others pertaining to the hydrocarbons sector, and that it should postpone until August the consideration of the bills on constitutional reforms and the electoral system.

Brazil

Collor, Cardoso Praise Bush Initiative

PY2806234490 Buenos Aires DYN in Spanish 2204 GMT 28 Jun 90

[Text] Brasilia, 28 Jun (AFP)—The Brazilian Government's reactions to the Bush plan for Latin America were very positive today, although these reactions were of a "preliminary" nature, as Economy Minister Zelia Cardoso de Mello has emphasized.

After the announcement was made in Washington, President Fernando Collor de Mello telephoned U.S. President George Bush on 27 June to congratulate him for such a "broad, bold, and innovative" initiative that "positively responds to Latin America's efforts, particularly those of Brazil, which, after conquering political freedom, is committed to the path of conquering economic freedom."

During their telephone conversation, Collor also emphasized "the very significant coincidence" that the Bush announcement of a new U.S. program was made following Brazil's announcement of a new industrial policy that has done away with longstanding protectionism.

Economy Minister Zelia Cardoso de Mello also lauded the Bush proposal, which, in her opinion, "indicates a new U.S. Government vision of the Latin American economic situation." Cardoso said: "The proposal returns to ideas we share, especially an increase in foreign investments and a reduction of the foreign debt."

Cardoso added that Brazil is making a great effort to open up its economy and that this effort should encourage understanding by opening "new spaces" for integration among Brazilian and international economies.

The Bush proposal is based on three points: the transformation of the Americas into a free trade zone; new

investments through the Inter-American Development Bank (IDB); and new proposals for the reduction of the foreign debt.

Government Studying Radar Network for Amazon

PY2806162890 Madrid EFE in Spanish 0103 GMT 28 Jun 90

[Text] Brasilia, 28 Jun (EFE) — The Brazilian Government is studying installation of a radar network in the Amazon region to combat both devastation of the jungle and illegal use of the airspace for drug trafficking. This information was provided by the Aeronautics Ministry, which must draft the definitive project and submit it to Brazilian President Fernando Collor de Mello during the first week of August.

A preliminary ministry draft provides for the first phase: the installation of six to eight nonaltitude measuring, two-dimensional, fixed radars and two mobile units to detect movement at low altitudes.

The plan is to install the radars in the Amazon towns of Macapa, Boa Vista, Rio Branco, Porto Velho, Sao Gabriel de Cachoeira, Tefe, and Santarem, all of which have airstrips and support services for airplanes.

Aeronautics Minister Brigadier Socrates Monteiro believes that the first phase of the plan will be concluded within a five year period. The plan will guarantee the control of clandestine airstrips and jungle devastation, as well as monitor the airspace to control drug trafficking.

Three international companies, Thomson of France, Selenia of Italy, and Hughes of the United States, have already shown interest in the project. To finance the plan, Brazil will request $500 million from the Nakasone Fund, which makes grants to defend the environment.

Police Deny Kidnap Attempt Against Iraqi

PY2906025290 Rio de Janeiro O GLOBO in Portuguese 27 Jun 90 p 7

[Text] Brasilia—Norberto Soares, head of the First Police Precinct, yesterday ruled out the possibility of a kidnapping attempt against Iraqi diplomat Tariq Ahmad or that the crime had political connotations. Tariq Ahmad was held up by three men as he and his wife left a friend's house on Sunday night. One of the criminals, identified as Jose Ailton de Assis Pessoa, has been arrested.

Jose Ailton was identified by Tariq Ahmad and another victim, Amabor Arthur Borges Macedo, who was initially charged with having perpetrated the holdup after his identification was found in Tariq Ahmad's car. A newscast yesterday reported Borges Macedo as being responsible for the holdup, and the police will not reveal the names of the other two criminals to avoid any more confusion. Taking into account the records of the criminals, Soares thinks that they are members of a gang; he therefore has ruled out the possibility of a kidnapping attempt. Iraqi Embassy Press Attache Nabil Nasr, however, still has some doubts. He pointed out that Tariq Ahmad had offered money and jewelry to the criminals but that they did not accept them. Nabil Nasr will wait for the conclusion of the investigation to release a final communique.

The holdup was perpetrated Sunday night as Tariq Ahmad and his wife left the house of a friend at 211 Super Quadra Sul. They were forced into the back seat of Tariq Ahmad's car, a Santana, which the criminals then drove off in at a very high speed. The criminals lost control of the car, which rolled over and caught on fire.

Tariq Ahmad and his wife are fine. The criminals sustained minor head injuries.

FIPE Reports 'Official' June Inflation Rate

PY2806040290 Rio de Janeiro Rede Globo Television in Portuguese 2300 GMT 27 Jun 90

[Excerpt] The official inflation rate has been released. It was disclosed by FIPE, the Economic Research Institute Foundation, of the Sao Paulo University.

The Economy Ministry decided to use the FIPE rate because the IBGE [Brazilian Institute of Geography and Statistics] officials are on strike and there was no time to calculate the inflation rate before the end of the month.

According to FIPE, the June inflation rate stands at 9.61 percent. [passage omitted]

Chile

Krauss, PDC Leaders Depart for Hungary Meeting

PY2906005890 Santiago Domestic Service in Spanish 1100 GMT 28 Jun 90

[Text] Interior Minister Enrique Krauss has left for Budapest, Hungary, to attend a meeting of the Christian Democratic International on behalf of President Patricio Aylwin. President Aylwin decided not to attend the meeting because as chief of state he represents all Chileans, not just a particular political sector.

Christian Democratic Party (PDC) Chairman Andres Zaldivar, who has recently been re-elected, and PDC Deputies Jorge Pizarro and Sergio Pizarro have also left the country to attend the meeting.

Peruvian Minister on 'Cordial Talk'

PY2806181990 Santiago LA TERCERA DE LA HORA in Spanish 22 Jun 90 p 6

[Text] On 21 June Peruvian Foreign Minister Guillermo Larco Cox made a stopover that lasted one hour and 50 minutes at the international airport during his trip to Buenos Aires. Larco Cox had been officially invited to Buenos Aires to discuss Peruvian-Argentine integration.

Larco Cox arrived on a LAN [Chilean National Airline] commercial flight and was welcomed by Chilean Foreign Minister Enrique Silva Cimma. The two ministers held a cordial talk. Silva Cimma said that because they are friends he went to the airport to greet Larco Cox.

Larco Cox told Silva Cimma that President Patricio Aylwin has confirmed that he will attend the Peruvian presidential inauguration on 28 October [as published, Peruvian inauguration is scheduled for 28 July]. Aylwin will head the official ceremonies because he was the first chief of state to have accepted the invitation to attend the presidential inauguration.

At the airport Larco Cox agreed to talk with LA TERCERA on bilateral relations, now that he is nearing the end of his diplomatic term. Larco Cox said: "We maintain a high-level relation with Chile. The Peruvian Foreign Ministry considers relations with Chile as a priority, and I will openly say that during President Pinochet's administration we agreed to carry out projects under the Pacific Peace Treaty which we consider very important for our relations.

"We should now implement these projects, and we understand that this important matter is a very delicate point in the current relations between the Chilean Government and the institutions.

"We are patiently waiting for this situation to be analyzed and to see what actions can be taken because I am sure that it will benefit our relations."

Larco Cox referred to the construction of a railway station in Arica, a dock, and a monument to peace that will be built at the top of a hill. The monument consists of an iron sculpture that represents Christ with his arms open.

Asked about the objective of his trip to Argentina, Larco Cox said that in Buenos Aires he will discuss matters related to integration, among them a project called the Corridor of the Liberators in which Argentina, Peru, Bolivia, and Uruguay will take part.

We asked him if Chile could participate in this project. He replied: "Of course. In the last meeting of the Andean Group we decided to open the doors to the democratic Chile. This does not, however, imply any type of pressure."

"This subregional effort shows how much we hope that, after meeting other priorities, the Chilean Government will consider rejoining an integrated system, which is the modern and democratic answer to the challenges of current times."

Minister Larco Cox then continued his trip to Buenos Aires and will probably make a stopover in Santiago on 1 July on his way back to Lima.

Official Discusses Peruvian Territory Issue

PY2906011290 Santiago EL MERCURIO in Spanish 21 Jun 90 pp C-1,C-6

[Excerpts] Foreign Ministry Deputy Secretary Edmundo Vargas yesterday reported that the works described in the 1929 treaty, which established that Chile had to turn over to Peru several construction projects in Arica, are finished. It must now be established how they will be administered.

"Chile has complied with the pending clauses of the 1929 Treaty that referred to the construction of a pier, customs storehouses, and a historical monument at Arica Hill," he said.

Vargas said that, while waiting for the new Peruvian Government to be installed, the Chilean Government is collecting more information on the matter for discussions with the neighboring country.

He added that the Chilean-Peruvian Binational Committee—which is presided over by the deputy secretaries of the two countries—will meet as soon as the new Peruvian administration, which is about to be installed, sets a date.

Vargas said that he visited Arica last weekend to personally check on the finished work.

He said that there are no legal problems regarding the constructions and that President Aylwin's administration has decided to intensify bilateral relations with Peru. [passage omitted]

Regarding the Peruvian land in Arica, which is called Chinchorro, Vargas said that although it is Peruvian, the place follows Chilean laws. He added that this situation must also be discussed by the two governments.

Asked whether Chile would buy this piece of land, Vargas said: "We are ready to discuss the issue, but I cannot give you an answer; this type of issue can only be solved through negotiations." [passage omitted]

Carabineros Issue Communique on Dead Communist

PY2806190990 Santiago Radio Chilena Network in Spanish 1700 GMT 28 Jun 90

[Report by Reinaldo Barrios]

[Text] Three Carabineros officers have been dismissed from the institution for their involvement in the death of Communist Youth member (Osman Yioman Osorio). An official communique released by the Carabineros Metropolitan Zone Precinct states:

Regarding the incident that occurred on the night of 26 June at Lo Sierra District, during which a member of the Communist Youth died, the Metropolitan Zone Precinct reports:

The investigation conducted by Carabineros personnel has indicated that, at about 2230 on 26 June, the watchman of a chemical factory in the Lo Espejo district reported the alleged theft of electrical wires from street lamps and called for a noncommissioned Carabineros officer from the local precinct. Three Carabineros officers arrived to patrol the streets together with the watchman in a private car. They found a group of people painting political slogans on the wall that surrounds a textile plant. This is considered illegal and so the Carabineros arrested three youths, while two others escaped. During the pursuit Carabinero Victor Sepulveda Arriegada shot at the fleeing youths and hit (Osman Yioman Osorio) in the head.

The injured youth was taken to the Barro Lucco Hospital in an ambulance where he died at 1515 yesterday, 27 June.

Following an investigation by the Carabineros, administrative and legal responsibilities that do not follow the Carabineros code of ethics were found. For this reason the Carabineros command has decided to dismiss the Carabineros personnel involved in the incident, and place them at the disposal of the courts.

The Carabineros command concludes its communique by regretting the death of Mr. (Osman Yioman Osorio) and reasserting that, within the framework of openness and legality, the institution is unwaveringly committed to the preservation of public order and security.

Colombia

Barco, Serpa on 'Hired Assassins' Talks Proposal

PA2806153490 Bogota Inravision Television Cadena 1 in Spanish 1730 GMT 27 Jun 90

[Report by Jesus Garzon]

[Text] The government will try to stop the wave of crime in the city of Medellin with an ambitious social program that will create jobs for the needy. Medellin Mayor Omar Flores Velez announced this after receiving a proposal to hold talks from a group of hired assassins of Medellin who wish to change their lifestyles.

The mayor of Medellin requested Justice Minister Horacio Serpa Uribe to study the proposal and to find a way to promote a dialogue.

[Begin Serpa Uribe recording] The Medellin mayor talked to us on this point. He is going to explore this possibility and see how we can peacefully coexist. [end recording]

According to Mayor Omar Flores Velez, 200 hired assassins, between 13 and 20 years old, made the proposal for a dialogue. They are illiterate and have no documents. Upon his arrival in Bogota from Chile last night, we asked President Barco about the proposal presented by the hired assassins.

[Begin Barco recording] I will read and carefully analyze the hired assassins' proposal. [end recording]

There is great expectation in Medellin over the government's answer to this dialogue proposal.

Police Deactivate Powerful Car Bomb in Medellin

PA2806150290 Bogota Radio Cadena Nacional in Spanish 1200 GMT 28 Jun 90

[Text] Medellin—Explosive experts from the Metropolitan Police deactivated a powerful car bomb last night near the Pujarra Administration Center where the offices of the mayor of Medellin and the governor of Antioquia Department are located.

According to the authorities' report, the vehicle, a Chevrolet Celebrity with license plate 6-5123, was found on Carrera 52 and 44th Street. The vehicle belongs to the Rayo-Tax firm and carried at least 450 kg of dynamite inside. F-2 explosives experts carried out the operation following an anonymous call saying that there was a car bomb in a parking lot downtown that was targeted for the central headquarters of the Metropolitan Police located on Eastern Avenue in downtown Medellin.

The car was found in the Auto Norte Parking Lot located on No. 4421 Carrera 52A where the powerful explosive device was deactivated. Specialized personnel took the car to F-2 installations in the Belen sector.

F-2 spokesmen explained that the car bomb had an electric device with three remote control systems. One was connected to the ignition switch, another to the right front door, and another to the inside cover of the trunk. They added that the Ecuadoran-made ammonia dynamite was found scattered in the back seat, the car floor, and the trunk.

This was the second car bomb deactivated by explosive experts in the last three days. Another vehicle, loaded with 120 kg of dynamite, was found on Sunday in front of the Atempti Security Agency in the Rosales neighborhood in western Medellin.

Car Bomb Explosion Kills Four in Medellin

PA2806180190 Bogota Inravision Television Cadena 1 in Spanish 1733 GMT 28 Jun 90

[Text] A powerful explosion shook Medellin at 1130 while the leadership of the National Police was attending the swearing in ceremony of the new chief of the Metropolitan Police at the Carlos Holgin Police Academy. A car, with a still undetermined amount of dynamite stashed inside, exploded in front of the Police Special Services building, where a contingent of the elite police force was stationed.

Four people were killed and six vehicles were completely destroyed. The casualties include Miriam Nasa, a Caracol Network reporter. The street where the Police

Special Services building is located was filled with traffic at the time of the explosion, but no members of the elite force were injured.

Many of the wounded civilians have been taken to the city's hospitals. A vast security operation is now underway in Medellin to find those responsible for the car bomb. The exact number of casualties and losses from this terrible attack has yet to be determined.

Two Men Kill Judge, Wife in Bucaramanga

PA2806135590 Bogota Radio Cadena Nacional in Spanish 1157 GMT 28 Jun 90

[Text] Bucaramanga—The authorities have blamed an extreme leftist subversive group for the killing of Samuel Alonso Rodriguez Jacome, the judge of the Second Public Order Court, and his wife Margot Estela Puentes. They were killed in a residential sector of this city last night when they arrived home from work. The judge was shot in the head seven times and died instantly inside the Renault automobile he was driving and was about to park in his garage. His wife, also a lawyer, was shot several times in the back and died hours later at a local clinic.

Eyewitnesses say that the crime was committed by two young men who were riding a yellow jeep with license plate AEJ-237. The authorities have initiated an intense search for them.

An official who works with the judge told this station that Rodriguez had recently received death threats from a guerrilla group he was investigating in connection with some cases.

In addition to being a judge, Rodriguez was a penal law professor at the Autonomous Bucaramanga University where he graduated in 1985. The couple have a six-year old daughter.

8 ELN Guerrillas, 2 Soldiers Killed in Ambush

PA2806153690

[Editorial Report] Hamburg DPA in Spanish at 1835 GMT on 22 June reports that eight guerrillas and two soldiers were killed in an ambush by members of the Army of National Liberation, ELN. The guerrillas set off dynamite as the patrol passed near Nechi, Antioquia Department, but the soldiers were able to open fire and kill eight of the guerrillas.

Bogota Radio Cadena Nacional in Spanish at 1200 GMT on 25 June reports that police and Army troops captured three ELN guerrillas during operations near Cravo Norte, Arauca. The subversives were identified as William Humberto Hurtado, Jorge Eduardo Espinel, and Adolfo Jauregui Perez.

Government Accepts Dialogue With Peasant Groups

PA2806170490 Hamburg DPA in Spanish 0002 GMT 28 Jun 90

[Text] Bogota, 27 Jun (DPA)—The Colombian Government today accepted holding peace dialogues with the "peasant self-defense" groups. Some investigations have linked these groups to the ultra-rightist paramilitary squads created by the narcotrafficking mafia.

The negotiations proposal was presented weeks ago by spokesmen of the groups legally created during the administration of President Guillermo Leon Valencia (1962-1966) as a contribution to the struggle waged by the Armed Forces against the leftist guerrilla movements.

However, in the beginning of the eighties, the narcotrafficking mafia, particularly the Medellin Cartel, concerned itself with the infrastructure of the self-defense groups and turned them into its "private army" to carry out many individual murders and collective slaughters.

According to the armed groups that operate mainly in the area bordering on the banks of the Magdalena River in the interior of the country, the self-defense groups arose from within the Army, which gave them arms to face the guerrillas.

The government said that it will allow the demobilization of the groups as long as its members turn in their weapons and rejoin civilian life.

According to reports, those who turn themselves in will not be tried for the illegal possession of firearms or for promoting the establishment of armed groups.

The Army explained that the negotiation process will not include the paramilitary groups of the mafia who are charged with carrying out the worst terrorist attacks in the history of the country.

Ecuador

President Borja Praises Bush Economic Proposal

PA2806231690 Paris AFP in Spanish 2219 GMT 28 Jun 90

[Text] Quito, 28 Jun (AFP)—The U.S. Government decision to forgive part of the Latin American foreign debt with that country shows a recognition that the foreign debt problem is not only an economic problem, but also a political and moral one, Ecuadoran President Rodrigo Borja said today.

U.S. President George Bush made a proposal yesterday to promote the development of a free trade zone in Latin America and forgive part of its $12 billion debt to the U.S. Government. Borja praised the initiative of the U.S. President and he said that it is equivalent to admitting that the foreign debt problem will not be solved without joint efforts by debtors and creditors.

"If a reduction of debt capital and interest rate payments is not made, there will be no solution," he said.

"We cannot stop development by allocating our resources to pay the debt," Borja said.

According to the Ecuadoran president, Bush's proposal, even though it does not completely fulfill the aspirations of the Latin American countries, is a step forward in the process of seeking nonconventional solutions to the debt issue and "if such solutions do not have an economic, political, and moral connotation, they would be impossible" to implement, Borja said.

Borja on Ways to Solve Problem With Indians

PA2806163990 Quito Radio Quito in Spanish 2300 GMT 26 Jun 90

[Text] Ecuadoran President Rodrigo Borja has said that the government is exhausting the resource of the dialogue to solve the problems with the Ecuadoran Indians. During a visit to [name indistinct] Port, Borja said that he hopes the dialogue will have positive results for the two conflicting parties.

[Begin Borja recording] We have established a dialogue with the Indian leaders to seek a solution to the problems. We hope the dialogue will have the desired results. However, I want to say that my government has taken better care of the Ecuadoran Indians' demands than any other government has for many years.

As far as agrarian reform and settlement programs are concerned, in 21 months we have delivered [figure indistinct] hectares of land to the Indians for them to farm. We have conducted literacy campaigns especially oriented toward the Indian and peasant communities. We have granted resources to the Indians, including loans for farming activities. We have brought electricity to approximately 200,000 Indians. They did not have electricity before. During these 21 months of government, we have been delivering almost two potable water plants everyday as well as water works systems and projects [words indistinct] country's rural areas. We have done as much as we can—taking into account the economic crisis in our country—to fulfill the Ecuadoran Indians' needs, which have been neglected throughout the century. [end recording]

Alfaro Lives Dammit Group To Lay Down Arms

PA2806175390 Quito Radio Quito in Spanish 2300 GMT 27 Jun 90

[Text] Pedro Moncada, top leader of the Alfaro Lives Dammit [AVC] group, has said that in the next few days the group will officially offer its weapons to the Andean Parliament and the Socialist Integration Movement to prove that they are giving up the armed struggle to become one more of the many political parties existing in Ecuador.

Pedro Moncado said that the country has realized that the AVC wants peace.

[Begin recording] [Moncada] Regardless of personal interests, the country has seen that the AVC group wants peace. We have proved that we can engage in politics. We have positive goals. We call on all noncommitted citizens to form a party of independent people who are not registered with any political party.

We will wage a national registration campaign starting in August. We believe the people will respond favorably.

[Unidentified reporter] [Question indistinct]?

[Moncada] I believe that persecuted people want freedom and the proper administration of justice.

[Reporter] [Question indistinct]?

[Moncada] That will depend on their decision. Not all cases are the same. No one is compelled to do so. [Words indistinct] the administration to be as it should be, as is stated in the Code of Legal Procedure. Unfortunately, in many cases it is very unsatisafctory. We ask that with the concurrence and control of Julio Aleman Romero, president of the Supreme Court, the administration of justice will be improved. We are not asking for any favors. [end recording]

Guerrilla Turns Herself In

PA2806143590 Quito Radio Quito in Spanish 2310 GMT 27 Jun 90

[Text] The surrender of Rosa Mireya Cardenas, a militant of the Alfaro Lives Dammit [AVC] group, means citizens have placed their trust in the government and democracy, Luis Felix Lopez, acting government and justice minister, has said. Lopez went over to the Constitutional Guarantees Tribunal to verify that Cardenas was turning herself in.

[Begin Lopez recording] The Constitutional Guarantees Tribunal, fulfilling its obligation to see that public liberties are respected, has invited the acting government and justice minister to meet a requirement, complying with a request made by an Ecuadoran citizen, whose legal situation will be resolved at the relevant tribunals. It is a great moment for Ecuadoran democracy because it means that citizens have placed their trust in our democracy, which is capable of preserving guarantees for citizens. [end recording]

Rosa Mireya Cardenas, a member of the AVC, a former guerrilla movement, turned herself over to the Constitutional Guarantees Tribunal to legally face the political trial that was initiated against her by the previous government.

[Begin Cardenas recording] The previous government said that the AVC caused so much uneasiness in the country. The previous government completely distorted the true noble political objectives of the AVC. Besides, it diverted the attention of the Ecuadoran people from the

problems we suffered at the time. By doing this, the members of the previous government tried to justify the kidnapping of innocent people and the cruel torture, disappearances, and assassinations of our AVC brothers and our people. They tried to justify the creation of repressive bodies that were inaugurated with a big song and dance and a big evil smile of pleasure. They promoted the creation of paramilitary groups called death squads in the entire country. They also tried to justify the presence of foreigners so they could eliminate the AVC thereby making it seem that the Ecuadoran forces, on which huge sums of money were spent, were incompetent. [end recording]

Paraguay

President Rodriguez, Others Hold News Conference

PY2806212190 Asuncion Cerro Cora Sistema Nacional Television in Spanish 1053 GMT 28 Jun 90

[News conference by President Andres Rodriguez, Interior Minister Antonio Zuccolillo, and Technical Planning Secretariat head Washington Ashwell with unidentified reporters at Asuncion's Silvio Petirossi International Airport upon their return from a tour of the United States, Taiwan, and the ROK—live; monitored in progress]

[Text] [Rodriguez] ...we began our tour with a stopover in Washington in response to an invitation that was especially extended by President Bush. I think that this visit and the fact that we were able to arrange a meeting with the U.S. Government are highly significant for our country in the foreign policy and the socioeconomic fields. In other words, I think we have managed to reopen the country's foreign policy doors. President Bush, with whom I met, told me that he had closely watched with great satisfaction the historic process, the democratic process that Paraguay is experiencing. He even voiced his desire to cooperate in the strengthening of democracy in Paraguay.

In the economic field we met with the chairmen of the IDB [Inter-American Development Bank], the World Bank, and the IMF. They all expressed their strong desire to resume their cooperation with new loans to finance Paraguay's development. I think Paraguay really deserves these achievements.

Moreover, we have regained the confidence of the chairmen of these banks and the IMF and they are willing to help us to obtain better terms for renegotiating our foreign debt with the Paris Club.

I held a private meeting with President Bush and his aides, the vice president, other secretaries of state, and the foreign under secretary [as heard]. In other words, the United States granted us a meeting at the highest level. That same day I was able to meet with Vice President Quayle, whom you all know visited our country. We had lunch together.

From there we went to Los Angeles where I met with former U.S. President Ronald Reagan in his home. He voiced his satisfaction over the fact that Paraguay has today returned to democracy and, as he so correctly said, the transition period is not easy. He added: I am sure, Mr. President, that you will achieve your objectives because the people have placed their confidence in you and you are also sincere with your people, we know that. In other words, he is very well informed. He expressed the best of luck to me and also said that he was willing to cooperate with the consolidation of democracy in our country if it were ever necessary. I do not think we could ask for more.

From there we travelled to Taiwan and the ROK. As you well know these are two highly developed and economically strong countries.

Immediately after arriving in Taiwan at 0810, we started two busy days of work. We held talks with Taiwanese President Li Teng-hui. On that occasion he detailed the donation he announced before I left on my tour, this consists of six T-33 jet aircraft. He gave me their corresponding documents and also donated three new C-47 Douglas aircraft that are very appropriate for our country because they can be used on our landing strips, those that are not asphalt or cement. They are very good aircraft and I am sure that the three engines we are also receiving will help us to recover at least two out-of-service aircraft.

We have also consolidated the offer of a $50 million loan. We accepted the loan and signed the agreement. This loan has no ties so our government may use it in any field it wants. Naturally, you all know how we are going to use this money. What is more, President Li Teng-hui even offered us more credit if necessary. Therefore, the doors are open to us, it is now up to us to build our future. The mechanism has already been established and it is now a matter of following up.

We also held several meetings in an attempt to attract investors to Paraguay. Investment of capital is what we need most in our country if we are to be able to create job opportunities. I think that the person most appropriate to discuss this issue.... [changes thought] Because all the members of our delegation, even the representatives of opposition political parties, participated in our talks and greatly contributed to them. If you have any questions in this regard I will gladly answer them later. We sought to interest the businessmen to come and set up textile or any other factories in our country.

There is a law, Law 27, that will grant them many facilities. This law, however, has not yet been approved by Congress, but it has been approved by the executive branch. Therefore we roused considerable interest in that country, in the Republic of China.

We then traveled to the ROK, where we were cordially received by President No. He showered us with his kind attention. We talked with him, seeking to attract his interest in our country. As his country more than 40

million inhabitants who live in 196,000 km [as heard] they need somewhere to go, so we offered them a solution. Therefore, it is probable that very soon some Korean businessmen will arrive. They promised to visit us. The president of the Korean airlines, for example, promised to come since he is interested in becoming associated with Paraguayan Airlines. We thus achieved goals we thought were unattainable, but we managed everything with the help of God and our good intentions. We really obtained positive results in that respect.

President No told me that he would be pleased if Paraguay could help him. He said that on one occasion when Gorbachev, the Russian, was about to meet with U.S. President Bush, No intercepted him in San Francisco and asked him not to interfere in his efforts—which he is carrying out with much enthusiasm—to hold talks with the DPRK seeking the unity of the two Koreas. No said he asked President Bush and Gorbachev not to interfere in his negotiations to unite the two Koreas because they are sister countries with the same blood and he wants their peaceful reunification. No thinks that if the two world powers do not interfere he will attain his objective, and if Paraguay could help him at some point, with its votes, he told me he would be very happy.

Well, this tour was a working trip and a bit of a rest trip. I think we are complying with our duty as Paraguayans, and as a governor. I am sure that the success we had will greatly benefit our country. That is all I can tell you and the rest of the people who, through the media, will learn of the work we carried out during this trip.

[Reporter] Mr. President: Some opposition politicians in our country have stated over the radio that there was a certain haste regarding your trip to the United States, and that much more preparation should have been done—especially at the level of Foreign Ministries and by our ambassadors in the United States—so that when you visited the United States you could have signed a document with Mr. Bush pertaining to some task that could be carried out jointly with the United States. What can you tell these politicians, Mr. President?

[Rodriguez] Well, to tell you the truth there was no hastiness. The visit to the United States was already scheduled following a kind invitation sent to me by President Bush.

We did not sign any document, but he has expressed to me his immense happiness and satisfaction regarding the fact that Paraguay is now on the path toward democracy, and he has promised his cooperation and help in strengthening democracy in Paraguay. He told me this personally.

[Reporter] Mr. President, it has been said here that following your meeting with the chairman of the IMF Paraguay will sign a standby [preceding word in English] agreement. What is a standby agreement, and what is the cost that has to be paid if this agreement is signed?

[Rodriguez] Well, that's a very nice question. I will refer you to Mr. Washington Ashwell who was in charge of the direct talks with the IMF. Together we talked with the chairman of the IDB, our great friend Enrique Iglesias, we have also talked with the managing director of the IMF, and with the chairman of the World Bank. I refer you to Mr. Ashwell so that he can answer your very nice question.

[Ashwell] During the meeting between the president and the chairman of the IMF, the latter stated that he is willing to support the country's monetary program, sign a standby agreement, and help Paraguay to obtain adequate conditions with the Paris Club.

The chairman personally offered to get the Paris Club to meet during the first 15 days of October. These are extremely positive achievements that will help the country to renegotiate its foreign debt.

[Reporter] Mr. Ashwell, this standby has a cost. What is the cost that the people must pay?

[Ashwell] No cost at all. The country has adopted practically all the measures that are normally required by the IMF for an agreement of this type.

[Reporter] Mr. President, you are going to face a problem: the teachers strike. The Education Ministry has threatened to mete out punishment based on Law 200. This comes at a time when Paraguay is asking the United States to lift the economic sanctions against our country that has been in effect since 1987. How are you going to manage this, because there is the possibility that as of 2 July there will be no classes due to the strike that has been announced by the teachers who want better salaries?

[Rodriguez] Very well, we will make an evaluation. I do not disagree with the claim, the aspirations. This is why we went to the United States, to Taiwan, and to Korea with desires and hope. We are all in that state. I hope they are right, but we shall see. The situation will be evaluated and if they are right, if there are possibilities....

I sincerely do not know what position has been adopted, because before anything else we have Law 200 that pertains to government employees. We will thus evaluate the ideas of the education minister in this respect.

[Reporter] Mr. President, do you have a good policy at this special time when punishment is being threatened, even when that law is in force?

[Rodriguez] In principle I do not like threats because I do not believe that with threats there can be a greater participation, etc. Therefore, the best system should always be dialogue, dialogue between the interested parties.

[Reporter] [Words indistinct] a month ago asked for an audience with you, the teachers, to submit their claim. Do you intend to talk with the teachers as of....

[Rodriguez, interrupting] First, the fact that they asked me for an audience is not relative, because if there are appropriate channels, why don't they use those channels? In this case the appropriate channel is the education minister. If their demands, wishes, or whatever are

not met, and if they are not satisfied with the explanations of the minister, they might resort to the president. I would not refuse to meet with them, I will meet with anyone. I never refuse to meet anyone, and in the specific case of teachers I would be glad to meet them. I believe, however, that their first step is dialogue with the education minister.

[Reporter] Mr. President, the teachers claim that they have already tried all those steps and that they found no answer at the Education Ministry. They say that they have adopted this measure because they could find no answer and because the authorities have at times refused to engage in a dialogue with them in search for a solution to the various problems that have been raised.

[Rodriguez] Well, I believe the education minister was here. It is a pity that he has already gone because I would have asked him to participate in this conversation. I believe that...teachers will have their reasons, just as the minister will also have his own reasons. That is why I say that the most favorable solution will surely be reached through a dialogue.

[Reporter] [Words indistinct] interesting for investors. What specific projects have you brought?

[Rodriguez] The minister of industry and commerce will answer that question because he is bringing some projects in this regard.

[Zuccolillo] As the president put it, this trip has been an opportunity to strongly promote our country. We do not have much news in the economic sector. The initial agreement with the IMF and the credits from the IDB and the World Bank have already been mentioned. During this trip we first sought to promote the commercial sector, i.e., imports and exports. Second, we sought to obtain loans. Third, we sought to promote investment.

The commercial sector is doing fine, because in general terms we are selling everything we are producing. Now we will sell soybean directly to Taiwan. This transaction used to be made through third parties. The export sector is growing and is also doing fine. Our ability to obtain loans is also satisfactory.

As for investment, which is your specific question, there are several investment projects. In addition, the Industrial Development Bank of Taiwan has offered financial resources for any purchases or investment projects. They call it the bank for promoting relations, and it is a development bank which provides loans with 30-year repayment periods and 2 or 3-percent annual interest rates.

As for specific investment projects, we can mention a textile plant project worth approximately $80 million, the negotiations for which are at a quite advanced stage. The investors, who own a large textile plant in Taiwan, will come in the near future. There are plans for other investments, too. Only major investment projects have been considered for amounts like $50 or $80 million. There are other projects, but we cannot confirm their implementation before closing the deal on this first $80-million project, which has been negotiated for almost a year. Consequently, I believe that with the approval of Law 27 we will realize those projects.

One of the investors' main questions now is whether this law has already been approved. They also want to know what will happen after a 5-year period. After this period they will pay taxes normally, but our taxes are nothing spectacular if compared to taxes in other countries.

So I believe that the investment sector will undergo considerable growth this year, compared with the last 12-month period, when investment reached some $300 million. With the major projects that we are considering, investment will reach a much higher figure in the next 12 months.

[Reporter] Mr. President, both Taiwanese and ROK investors claim to be willing to invest in Paraguay, but they want the exported product to be totally exempted from tax. Can your government exempt exports?

[Rodriguez] By no means. No one has asked for tax-exemption. We enforced Law 27 as a decree-law, which Congress is now studying. As soon as it is approved, it will be sanctioned as a law. That is everything we can offer. They want to come. What we have actually done is to promote our country so that they may come to create their wealth here with us. Consequently, the doors are open. I believe that it is now up to us to build the infrastructure for the prosperity, happiness, and well-being of our people.

[Reporter] Mr. President, do you believe that the sanctions against Paraguay will be lifted?

[Rodriguez] I really do.

[Reporter] Mr. President, another question, one last question. According to some reports datelined Korea, you expressed your government's firm decision to trade and establish diplomatic relations with communist countries. What is your position on this?

[Rodriguez] It is totally negative. We have not talked about communism and much less about establishing diplomatic relations with countries from the other bloc.

As I just told you, we only talked with President No about a conversation he held with Gorbachev as he was on his way to Washington to talk with President Bush. No met Gorbachev in San Francisco and talked with him, asking him not to interfere in the actions No is carrying out to unify, or reunify, North and South Korea. This was his only purpose. No also made the same request to President Bush.

We have not touched in any way on the idea of establishing relations with countries from the other bloc, but rather with democratic ones. Thank you.

[Reporter] Dr. Ashwell, before you leave, one question please. The Central Bank president [Dr. Crispiniano

Sandoval] has criticized the economic plan currently in effect. A sort of confusion has arisen. It is necessary for someone from the government to say that this is the plan, this is the objective, these are the mechanisms, these are the efforts that all of us must make, this is the cost, and this is the period of time required. That way we will know why we are making these efforts and what we are making these efforts for.

What are the mechanisms, why are we making these efforts, and what are we making these efforts for?

[Ashwell] The government's program has already been outlined and extensively publicized. This program deserves the support of international organizations, particularly the IMF. An IMF mission will arrive here on 15 July to negotiate the details of a standby [preceding word in English] agreement.

A World Bank mission will also come to negotiate terms for supplementary financing. This will be followed by a renegotiation of the foreign debt, which I believe is a very positive breakthrough.

[Reporter] Dr. Ashwell, what will the people have to do for that plan to achieve its goal?

[Ashwell] The people will not have to make any effort, especially regarding any expectations of a shock [preceding word in English]; the measures have virtually already been taken. The only thing that will be required is strict monetary and fiscal discipline to maintain the stability of the currency and the economy's stability abroad.

[Reporter] I will reword the question, Dr. Ashwell. What will be the social cost of the measures that you are mentioning?

[Ashwell] There will not be a social cost like the one you are thinking about because there will be a supplementary investment program in both the public and private sectors. This investment will be assisted by foreign financing, the gates of which have been opened by this visit to the United States by the president of the Republic.

[Reporter] Haven't they asked for more details on the plan?

[Ashwell] On the contrary, the guidelines have been received with much satisfaction by the international organizations, particularly our government's decision to curb the country's inflationary process.

[Reporter] Dr. Ashwell, agricultural exporters are unhappy over the decline in the dollar [exchange rate] that they attribute to the Central Bank, which, according to specific provisions of the plan you have just mentioned, can no longer ban....

[Ashwell, interrupting] Ah, no. The plan says absolutely nothing like what you are saying. On the contrary, it says that the Central Bank must become involved in order to offset the market's seasonal situations.

[Reporter] Dr. Sandoval has admitted that he no longer has jurisdiction over the issuance of money or monetary control.

[Ashwell] I have just arrived. I will see what has happened and we will make the appropriate corrections.

[Reporter] [Question indistinct]?

[Ashwell] No, the state will continue its policy of maintaining stability in the open-market foreign-exchange operations.

[Reporter] How do you plan to finance agricultural production, Dr. Ashwell?

[Ashwell] Through the monetary reform foreseen in the economic program, by allowing financing in foreign currency, and by using $180 million that belongs to the country and is now deposited in foreign banks.

[Reporter] Will rediscounts be canceled?

[Ashwell] If more rediscounts are required, they will be granted. But the basic sources of financing will be the ones I have just mentioned.

[Reporter] Will this allow a rise in legal reserves?

[Ashwell] That portion of the $180 million is not subject to the legal reserves system.

Peru

Garcia Assesses Bush's Plan on Foreign Debt

PY2906034090 Lima Television Peruana in Spanish 0100 GMT 29 Jun 90

[Excerpt] President Alan Garcia has described as highly significant U.S. President George Bush's announcement on pardoning part of the debt that the governments of the Latin American countries owe to the U.S. Government. Garcia said that this radical change in Bush's attitude is a lasting legacy of the current administration, which initially asked for foreign debt reduction in July 1985.

After stating that history is demonstrating that the Peruvian position was correct, Garcia said he expects Europe not only to follow the North American example but to improve on it. Garcia also indicated that the incoming administration of President-elect Alberto Fujimori is fortunate that it will begin its term of office with a change in the foreign debt concept.

[Begin recording] [Reporter] Mr. President, U.S. President George Bush yesterday announced a new plan for trade with Latin America and the foreign debt issue. What is your impression?

[Garcia] I believe it is a highly significant event, considering its origin and that it came from President Bush himself. This is a radical change of attitude that reemphasizes U.S. hemispheric relations with Latin America.

For my government, which for five years has supported the position that the foreign debt is unpayable and that it must be substantially reduced, this is a significant event in hemispheric politics. First, President Bush himself said that he made this decision after meeting with us, the presidents of Colombia, Bolivia, and Peru in Cartagena. There we had a chance to explain, politely but firmly, our point of view not only on the drug issue but also on the debt issue. It was important for President Bush, the leader of the world's leading nation, to hear this information.

Second, President Bush explained the need for a reduction, a release, a substantial reduction of the Latin American public debt with the United States. As you know, Latin America owes more than $400 billion to the world. Out of this $400 billion, however, the public debt with the United States totals only $12 billion. This is very little, barely three or four percent. What is important here, however, is the idea that for the first time the U.S. Government has taken the initiative to state that it can rebate or reduce that $12 billion to $7 billion. This is a valuable concept. Also important is the fact that Bush pointed out that the rest can be paid in national currencies or through environmental or ecological development and protection projects.

President Bush noted that he intends to create a free trade zone in our hemisphere to end the current system of sugar quotas, coffee quotas, and textile quotas that has limited Latin America's capability to export to the large U.S. market and vice versa.

Lastly, President Bush has said that he is willing to support the Inter-American Development Bank [IDB] with contributions through which changes can be made in Latin America. What is important, however, is that the contribution goes to the IDB and does not pass through the IMF, which has much stiffer and more severe concepts and regulations. I believe that all this has opened a new outlook.

I personally congratulate myself, because this means that the Peruvian position for the past five years has been meaningful. We have been pushing in the direction of history, and this is what is important.

For the many people who talk with pessimism about isolation, about a sloppy position regarding the debt issue, Bush's words must have forced them to admit that we were right to ask for a debt reduction and a change in the financial and trade conditions toward Latin America.

Now, all this could take some time to be put into practice, but it does not matter. The important thing is that the concepts have changed. It is just like in Cartagena, where the attitudes toward drug trafficking changed by recognizing the economic aspect of the relations between the two continents. Beginning yesterday, this change of attitude will be reflected gradually by facts.

Why has the concept changed? Perhaps because some of us have stubbornly maintained our rebellious principles, perhaps because Europe yesterday sealed its political unity. This is big news because a Europe united with a formerly communist Europe and the Soviet Union represents a great economic entity, possibly the greatest in the world. Perhaps this has led U.S. leaders to understand that their destiny is linked to that of Latin America, that they must reduce the debt, that they must increase trade, that they must encourage investments. I think it is a very important step appreciated by all, but by Peru in particular, because Peru has been the only country which, by itself, demanded a reduction of the debts contracted with the developed countries for five years. I think this is a substantial change which all Peruvians must recognize.

[Reporter] Taking into account the U.S. President's announcement, we could say that Engineer Fujimori is beginning his trip to the United States—where he will meet with IMF and World Bank representatives—on the right foot. Fujimori said during his campaign that Peru has been isolated and that it should join the international financial system. What is your view of Peru's future in light of this U.S. proposal which, according to you, is the result of the meeting among the Latin American (?and U.S.) presidents?

[Garcia] Without trying to seem conceited, and despite the fact we are a small, indebted country with a small economy, I think we have influenced the most important countries to change their attitude. This is a fact, and it is an achievement not only for Peru but for Latin America. We are leaving Mr. Fujimori—to whom we wish the best of luck in his tour—with nearly $900 million in net assets and this concrete proposal by the U.S. President, which will be matched by all the European countries who are our creditors.

This proposal represents a reduction of our debt. President Bush's offer represents a challenge for President Francois Mitterrand of France, which is one of the largest Peruvian creditors due to our purchases of airplanes and technology. It is also a challenge for Italy and Spain, which cannot remain behind. This democratic and sometimes socialist Europe cannot remain behind. I think it is a challenge for Mitterrand, Felipe Gonzalez, Giulio Andreotti, and for the democratic leaders of West Europe, not to match President Bush's offer but to make better ones. A long time ago, during a conversation with President Mitterrand, we agreed on the need to reduce the Peruvian and Latin American debt to France. I think that now is the time to put this idea into practice.

This is the concrete heritage we are leaving after five years of effort. In 1985, we said we could not and would not pay the debt, first, because it was unpayable and second, because we would have had to make much greater sacrifices. If we are living in a crisis now, what kind of crisis would we be living in if we paid without getting anything in exchange, which is the case for all the Latin American countries? I think that Alberto Fujimori

is lucky in this respect, and I congratulate him for this and for the fact that his luck is connected with the misunderstood, insulted, and isolated work we carried out for a long time and which history is now proving was correct. [passage omitted]

Minister Views New Economy Measures, Reserves

PY2806221290 Lima Television Peruana in Spanish 0100 GMT 28 Jun 90

[Text] Economy Minister Cesar Vasquez Bazan announced tonight several important measures to curb the upsurge in the dollar rate on the parallel market, including an increase in the required minimum legal reserves in banks, the suspension of (?FENT) credits [credits for export production], and the purchase and sale of gold and silver by the Central Reserve Bank. Vasquez added that despite the criticism made against his administration, the economy has grown by 9.1 percent and our total active reserves are $899 million. He made these statements in a news conference:

[Begin recording] [Vasquez] These are the measures: First, a decision was made to increase the required minimum legal reserves in commercial banks from 64 to 80 percent, and second, interest payments on deposits from the advanced sale of national bonds have been rescheduled. The rescheduling and the increase in the minimum legal reserves are aimed at restricting the liquid resources used by banks for speculating in dollars.

I have always said that dollar speculation is caused by large buyers and sellers of dollars. The large buyers are the banks. They have been using their resources, which are normally used to finance production, to buy large amounts of dollars. This is the reason behind the problem of the rising dollar rate. In order to stop speculation, therefore, these two measures have been taken: an increase in the minimum legal reserves in banks, and the rescheduling of interest payments on deposits from the advanced sale of national bonds, Series A and B.

To encourage people's savings in national currency, the government has also decided to increase interest rates to 35 percent monthly. People have been talking a great deal about printing money. Because officials have not clearly explained this sitution, many people believe that money is being printed exclusively to finance government expenditures. This is not true.

For example, money is also printed to enable the issuance of (?FENT) credits. In coordination with the economic team, the Central Bank has implemented a very important measure, the suspension of (?FENT) credits. These credits, which are granted in intis to support exports, were being used to buy dollars on the parallel market and at the banks. Therefore, (?FENT) credits and the purchase of gold and silver by the Central Bank are also suspended. The Central Bank was purchasing gold and silver to help the mining sector. To buy gold and silver, the Central Bank had to print money; this is why the government decided to suspend the purchases.

Summing up, by increasing the minimum legal reserves in banks and suspending the interest payments on the deposits from the advanced sale of national bonds, (?FENT) credits, and the purchase of gold and silver, we will be able to confront the problems of the speculation of the last few days.

[Reporter] What is the real situation regarding the net international reserves and the immediate payment commitments of the new administration?

[Vasquez] The total assets of the Central Reserve Bank are $899 million, with a net worth of $752 million. This is distributed in gold, silver, and foreign currency. Why? Because of the basic concept of minimizing risks.

First, the wealth of any country in the world is in gold, silver, or foreign currency. Second, there is talk, however, of the concept of net international reserves, and some people say that the economy minister is lying, that the net international reserves are under $150 million. This is why I would like to give an explanation.

What is the concept of net international reserves? This is the international net worth of the country minus the country's international net liabilities. The balance is what is called net international reserves, net worth minus net liabilities, but we are talking about net worth in the short term. What is short-term in the economy? One year, or up to one year. In other words, the country's net international reserves are the net worth up to one year minus its liabilities, also up to one year. However, and this is where the problem arises, in accordance with an accounting agreement, all the debt to the IMF, whether paid within the year or in ensuing years, is included in the short-term liabilities. For example, if you calculate net reserves by subtracting the debt to the IMF which will not be paid this year, the reserves are about $554 million.

The best proof of this is that Peruvian trade is still operating very well. Because we are now going through a political conflict, the members of the opposition, economists and politicians, are saying that the net reserves are negative, causing alarm among the people. This alarm creates instability, and the people clamor for dollars. This is what we have to face. We hope the new administration will not have that problem. [end recording]

Fujimori's Financial Adviser Explains Resignation

PY2806193990 Lima EL COMERCIO in Spanish 23 Jun 90 p A-4

[Text] Oscar Ugarteche Galarza, a negotiator and foreign debt expert, has left the economic team because of a lack of coherence among other reasons.

Ugarteche has confirmed that an orthodox approach is needed now "that the team has drafted a heterodox program especially tailored to the delicate circumstances of the Peruvian economy."

Ugarteche, who is a former negotiator of the Bolivian and Nicaraguan foreign debts and who currently is an international consultant, stated that it is incoherent to deal with the foreign debt from an orthodox viewpoint after working on a "soft landing" [preceding two words in English], as gradual adjustments are called in financial parlance.

Ugarteche maintains that due to Peru's low level of credibility, the cases that have been instituted against Peru by the creditor commercial banks, and the state of the external and social indicators, our country cannot implement or contend with a program of drastic adjustments, as happened in the 1980-83 period when the goals that were agreed upon with the IMF were not achieved. "On the contrary, we need special treatment that must be granted at the highest political level by the organizations of the United Nations, including the IMF and the World Bank. For the past few weeks I have been working on that at the request of Alberto Fujimori," Ugarteche said.

Four-Day Bank Holiday Begins 28 Jun

PY2806230290 Lima Television Peruana in Spanish 0100 GMT 28 Jun 90

[Excerpt] The government has ordered that all public banks take a long bank holiday beginning on 28 June to determine their balances for the first half of the year. Private banks have also decided to join the public banks. This year the midyear balance holiday coincides with Pope's Day and a weekend, which are not working days anyway. [passage omitted]

State of Emergency Extended for 60 Days

PY2806035890 Lima Television Peruana in Spanish 0100 GMT 28 Jun 90

[Text] According to a supreme decree published today by the official gazette EL PERUANO, the state of emergency has been extended for 60 days in Apurimac, Huancavelica, San Martin, Junin, Pasco, Ayacucho, and Ucayali Departments, as well as in Ucayali Province, Loreto Department.

The supreme decree states that groups trying to subvert public order are carrying out acts of violence to create an atmosphere of unrest. Therefore, the Armed Forces will continue to exercise control in the aforementioned departments and provinces.

Uruguay

Lacalle Notes Significance of Bush Announcement

PY2806173090 Montevideo Radio El Espectador Network in Spanish 1600 GMT 28 Jun 90

[Text] Uruguayan President Luis Alberto Lacalle pointed out the significance of U.S. President George Bush's recent announcement, which specifically refers to issues that for many years, have been matters of concern to Latin American countries, among them Uruguay.

This morning President Lacalle phoned U.S. President Bush and voiced his pleasure about the announcements, which were made yesterday. Among the initiatives, Bush confirmed the opening of U.S. trade to the entire Latin American continent as well as a considerable reduction of the Latin American foreign debt.

We are now in contact with (Alberto Pascale) at Government House to learn more about the comments President Lacalle made at noon today on President Bush's announcement:

[Begin (Pascale) recording] This morning President Luis Alberto Lacalle phoned U.S. President George Bush. The cordial talk took place at the Uruguayan president's initiative after an overall assessment of the announcement President Bush made in Washington yesterday before the Latin American diplomatic corps, and which he has labelled: Initiative for the Americas.

President Lacalle expressed his pleasure to his U.S. counterpart over the content and scope of the announcement of a new approach for inter-American relations, especially on issues that have to do with the strengthening of democracy, the freeing of trade, and emphasis on integration policies together with planned investments that will enhance the IDB's [Inter-American Development Bank] role [words indistinct] reduction of the foreign debt. [passage indistinct] [end recording]

Venezuela

Planning Minister Views Bush Economic Proposal

PA2806202490 Hamburg DPA in Spanish 1756 GMT 28 Jun 90

[Text] Caracas, 28 Jun (DPA)—The Venezuelan Government today reacted in a positive manner to U.S. President George Bush's proposal to create a free trade zone in the Western Hemisphere, but it ruled out that the U.S. Government's offer to forgive part of the Latin American debt will have an effect on Venezuela.

What is of most concern is the arrival of resources from the financial institutions to renegotiate the foreign debt, said Coordination and Planning Minister Miguel Rodriguez, the main negotiator in the talks with private creditors.

Venezuela began a process to renegotiate its $21 billion debt to private banks, which, among other options, includes the repurchase of part of the debt with funds from multilateral financial organizations.

Rodriguez admitted nevertheless, that the partial forgiving of the debt contracted between governments might satisfy "small countries" like Jamaica, 52 percent of whose debt was contracted with governments.

In Venezuela's case, Rodriguez indicated, the debt "owed to governments" is "very small."

According to the World Bank, Venezuela contracted only 0.98 percent of its foreign debt with other governments, compared with 98.3 percent with private creditors, and 0.97 percent with multilateral creditors.

Rodriguez praised Bush's proposal for the creation of a free trade zone in the region.

Calls U.S. Proposal 'Positive'

PA2906021590 Paris AFP in Spanish 2255 GMT 28 Jun 90

[Text] Caracas, 28 Jun (AFP)—U.S. President George Bush's proposal to write off part of the Latin American foreign debt "is a very positive one in all aspects," said Miguel Rodriguez, Venezuelan coordination and planning minister, in Caracas today.

"Of all the areas included in the proposal, the one from which Venezuela can benefit the most is the one calling for the incorporation of IDB (Inter-American Development Bank) resources into our debt reduction programs," Rodriguez told journalists in Caracas.

"As far as commercial aspects are concerned, we will try to make progress in the United States in everything we can to reduce the debt," the minister added.

Bush's proposal has been included in a bill that would authorize the U.S. Government to write off part of the Latin American foreign debt ($12 billion).

The bill states, among other things, that the United States will implement a new program of loans along with the IDB aimed at promoting investments and creating a multilateral fund for the same purpose.

The law includes the possibility that payments to the U.S. Government could be made in local currency, which would then be deposited in the local country for the creation of funds for the preservation of the environment.

President Appoints New Defense Minister, Others

PA2706172290 Paris AFP in Spanish 1556 GMT 27 Jun 90

[Text] Caracas, 27 Jun (AFP)—It was officially announced in Caracas today that President Carlos Andres Perez appointed Vice Admiral Hector Jurado Toro, who was the Navy commander until today, as his new defense minister.

It is traditional in Venezuela for the officer with the greatest seniority and highest rank to hold this post, but last year Perez adopted the policy to rotate the post among the various Armed Forces branches.

Jurado Toro replaces an Air Force officer, Division General Filmo Lopez, who will be retired after completing 30 years of service.

The new defense minister, who is 51 years old, started as a Navy sub-lieutenant in 1961 and rose through the ranks until he became Navy commander in July 1989.

The composition of the new Venezuelan military command is:

Defense Minister: Vice Admiral Hector Jurado Toro
Armed Forces Inspector General: Division General (Aviation) Eduardo Mola Jimenez
Chief of the Joint General Staff: Division General (Army) Manuel Heinz Azpurua
Army Commander: Division General Carlos Penaloza (ratified in his post)
Navy Commander: Vice Admiral Argenis Garcia
Air Force Commander: Division General Luis D. Monserrat
National Guard Commander: Division General Manuel Ibedaca (ratified in his post)

Guyana

New Opposition Group 'Guard' Holds Second Rally

FL2706214590 Bridgetown CANA in English 2113 GMT 27 Jun 90

[Text] Georgetown, Guyana, June 27, CANA—The newly-formed pressure group, Guyanese Action for Reform and Democracy (Guard), has repeated its call for free and fair elections in Guyana as it continues criticism of domestic living conditions. Guard, an offshoot of the Guyana Human Rights Association (GHRA), on Tuesday held a second rally in the capital attended by over 6,000 people.

Both rallies featured a wide array of speakers including a housewife, two Roman Catholic priests, the head of the Presbyterian Church here, and former test cricketeer Basil Butcher. However, the main speakers have been Anglican Bishop Randolph George, one of three co-chairmen of the GHRA, Yesu Persaud, chairman of two state-owned companies, and economist Clive Thomas.

At Tuesday's rally, Bishop George urged Guyanese to ensure that the organisation "grows into a great movement that will bring about real change in our society."

"No change is going to take place until we the people wake up and decide to bring about change... you are Guyana's only hope. Don't expect any leader to take you

out of this mess because I can tell you now that he can't. No leader can. It is a job for the people to do and we must stand together."

"Our purpose here is not to bring down the government. Our purpose here is not to criticise any political party but to talk about the affairs of our country and the country belongs to all of us and that is what we are asserting—ownership of our country," Bishop George said.

Suriname

Government Breaks Talks With Labor Federation

FL2706123690 Bonaire Trans World Radio in English 1130 GMT 27 Jun 90

[Text] Suriname's Government has broken off talks with striking labor federation. The strike continues which has already shut down Suriname's international airport and water ports [sentence as heard]. Prime Minister Ramsewak Shankar said that talks have provided no possible opening for continued negotiations.

Ravaksur Warns of More Action

FL2706201890 Paramaribo International Service in English 1730 GMT 27 Jun 90

[Text] The Council of Trade Union Federations in Suriname, Ravaksur, says that the government must at least present the framework in dissolving the national crisis before it suspends its actions. As a result of the industrial action by 10 unions in the transport sector, the air and waterways from and to Suriname were closed for a third day. Member of the Ravaksur Presidium Fred Derby said that until now, the actions have been successful. Part of the civil servants yesterday also responded to the call for a one-day solidarity action by starting operations later than normal.

That meeting between representatives of the Council of Trade Union Federations and the government last night have not yielded any results. The discussions between both parties on the demands by the trade union movement have been adjourned indefinitely.

The government must now come up with solutions to the problems, otherwise, the actions by Ravaksur will be sharpened, said Derby.

Vice President Reports on Economic Situation

FL2706202790 Paramaribo International Service in English 1730 GMT 27 Jun 90

[Text] According to Vice President Henck Arron, in the past two-and-a-half years, the government was able to stop the economic decline in the country. Arron told the National Assembly last Monday that this is stated in a report by the EC for the past year. According to the report, the downward trend of the Surinamese economy has been arrested.

Also in the report of the Suriname Bank, it stated that the budgetary deficit had been reduced in the past year, said Vice President Arron. Arron said that this week, President Ramsewak Shankar will announce a crash program of the government. This emergency program is aimed at helping the country out of the national crisis and, according to Arron, this crash program had taken the government and National Assembly two months to prepare.

Vice President Arron says it's disgraceful that people stress only the negative aspects of the government while ignoring the positive achievements.

Rebel Leader Brunswijk Arrives in Netherlands

FL2706204790 Paramaribo International Service in English 1730 GMT 27 Jun 90

[Text] Ex-Jungle Commando leader Ronnie Brunswijk last night arrived in Holland from France. The rebel leader was given two weeks to stay in Holland by the Dutch authorities. Brunswijk, who held discussions with the Surinamese Government Crisis Team in French Guiana a week ago, did not return to Suriname. He instead tried to travel to France on a false passport and a large amount of foreign currency which he didn't declare to the immigration authorities in French Guiana. After being detained for some days by the French authorities, he was allowed to travel to France. On his arrival in Holland last night, Brunswijk declared that he wants to talk with Dutch politicians on the developments in Suriname. The Dutch minister of foreign affairs has, however, declared that he sees no necessity to talk with the ex-rebel leader.

Brunswijk, who first said that he would stop fighting, later declared that he was returning to Suriname to again take over the leadership of illegal armed group. The ex-rebel leader a few days later, however, said the contrary and says now that he wants to talk with the Dutch Government on the situation in Suriname.